

**ANNUAL REPORT**

**on the  
Financial Status  
of  
Connecticut's  
Short Term  
Acute Care Hospitals  
for Fiscal Year 2001**



**State of Connecticut  
Office of Health Care Access  
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## ANALYSIS OF FY 2001 FINANCIAL PERFORMANCE

### MANDATE AND PURPOSE

This *Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals* provides information concerning the financial performance of Connecticut's thirty-one hospitals in a competitive market, as mandated in Section 19a-670 of the Connecticut General Statutes. It is intended to provide quantitative and qualitative information as well as analytical insights on health policy issues that are important to the State of Connecticut and its citizens.

All thirty-one of Connecticut's acute care hospitals file their financial and statistical results annually with the Office of Health Care Access (OHCA). The Fiscal Year (FY) 2001 Hospital filings<sup>1</sup>, for the period covering October 1, 2000 to September 30, 2001, are the data sources for this report. This FY 2001 report includes financial measures and indicators for individual hospitals and statewide results similar to those used in previous annual reports. In addition, this report highlights and discusses the cost pressures facing hospitals in an increasingly challenging environment.

Financial changes that impacted hospital financial reporting in FY 2001 include:

#### **Inclusion of adjustments related to a previous year in the current year's filing.**

Consistent with the Financial Accounting Standards Board (FASB) *Accounting Standards Original Pronouncements* (FASB Statements) No. 16, hospitals are required to recognize in the current year's audited financial statements the difference between a prior year's estimate and the final amount determined in the current year. Until FY 2001, hospitals were required to exclude this adjustment in the current year's filing with OHCA. Beginning with FY 2001 and consistent

with FAS16, OHCA requires these adjustments to be included in the current year's filing with OHCA.

**Adoption of FAS136.** Effective for the fiscal year beginning October 1, 2000, hospitals with separately organized foundations were required to adopt FASB Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* (FAS136). FAS136 specifies how the financial relationship and financial transactions between a donor, a recipient organization (i.e., a hospital's foundation) and the beneficiary organization (i.e., a hospital) should be reported.

FAS136 requires the specified beneficiary to recognize its rights to the assets held by the recipient as an asset, unless the donor has explicitly granted variance power. Adoption of FAS136 requires either restatement of the financial statements of all years presented in the year of adoption or recognition of the cumulative effect of the change in accounting principle in the year of the change. Specifically, adoption of FAS136 has a financial impact on the hospital's statement of operation and change in net assets.

**The Gross Earnings Tax was repealed** as of April 1, 2000. FY 2001 was the first full year that hospital charges were not subject to a gross earnings tax. Over \$39 million in gross earnings taxes were paid for the first six months of FY 2000, prior to the repeal.

**Sales Tax was suspended** on June 30, 2001 for two years. Therefore, hospitals' fourth-quarter, FY 2001 receipts were not subject to sales tax. For the third quarter of FY 2001, hospitals remitted over \$28 million in sales tax.

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<sup>1</sup> As filed with OHCA. Hospital filings include Audited Financial Statements and data inputs.

## CONNECTICUT STATEWIDE RESULTS

OHCA continues to monitor leading indicators of hospital financial stability including operating margins, payment to cost ratios, volume changes, and cash balances. While Connecticut's 31 acute care hospitals vary significantly in size and the populations they serve, they face many of the same operating challenges. The familiar forces causing stress to Connecticut hospitals and the health care delivery system as a whole continue to include rising labor costs and insurance premiums, lower reimbursement rates, reduced investment returns, costs associated with new technology and aging population demographics. Most hospitals are also facing additional pension fund expense caused by poor investment performance that will require increased pension fund contributions. These factors along with a continually weakening economy created an extremely challenging environment for Connecticut's hospitals in FY 2001.

In the face of these challenges, most Connecticut hospitals showed slight to little improvement from their FY 2000 financial performance during FY 2001. Over the past several years the median operating margin improved only slightly from .22 percent in FY 1999 to .62 percent in FY 2001, which may be due in part to the growth in statewide indicators for volume and utilization. Average staffed bed occupancy increased from 70 percent to 76 percent during that same period and statewide discharges increased from 364,078 to 395,661, an increase of a little over 8.5 percent. Hospitals nationwide have also shown only moderate growth in median operating margins and volumes overall, indicating a slightly improving situation. Fitch Rating's 2001 national median operating margin of 1.5 percent represented an upward trend in profitability over 1999's 1.0 percent and 2000's 1.2 percent.

Hospitals that reported positive operating margins have been successful in the following essential areas:

- managing expenses while increasing patient volume and revenues,
- negotiating higher than statewide average reimbursement levels,
- maintaining lower than statewide average of ratio of cost to charges, and
- managing a strong cash flow, supported by quicker than average turnaround of outstanding bills.

## HOSPITAL PERFORMANCE INDICATORS

The performance indicators featured in this report are designed to provide insight on statewide operating and financial results for Connecticut's acute care hospitals. The following areas are discussed:

- Financial Performance Measures:
  - Profitability – Operating and Total Margins
  - Capital structure – Equity Financing
  - Liquidity – Days in Cash on Hand, Days in Accounts Payable and Accounts Receivable
- Utilization Statistics:
  - Volume – Bed Occupancy, Inpatient and Outpatient Measures
  - Length of stay indicators
  - Emergency Room Utilization
- Revenue Data:
  - Cost to charge ratios
  - Payer Mix
  - Managed Care Discounts
  - Payment to cost ratios by payer
- Operating Expense Analysis:
  - Uncompensated care
  - Full Time Equivalents (FTE's)

## Profitability Ratios

### Operating and Total Margin

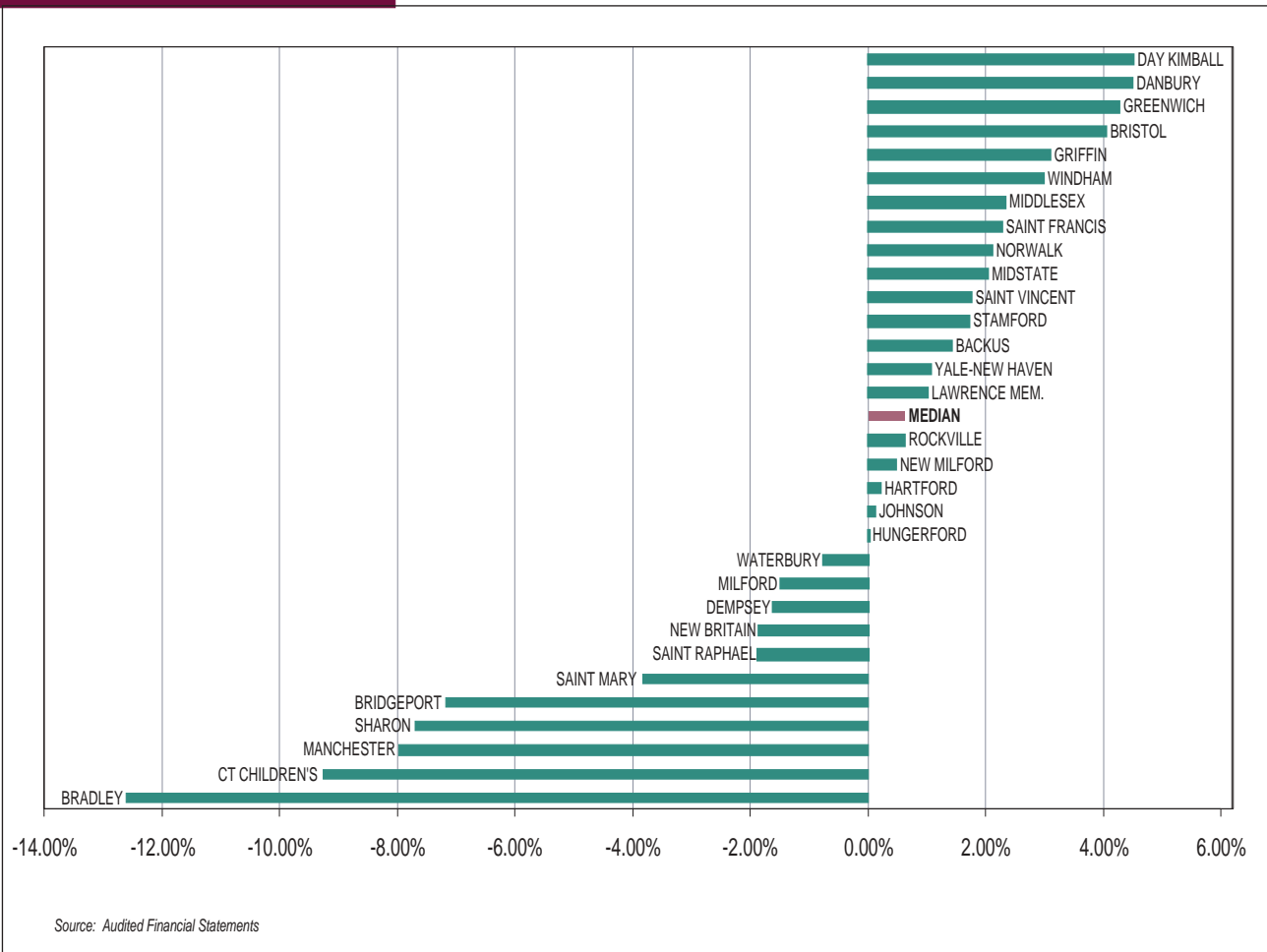
The two profitability ratios featured in this analysis are **operating margin**, reflecting profits from operations (primarily patient care), and the **total margin**, reflecting profits from both operating revenues and non-operating revenues. For both measures, the higher the ratio, the more favorable the rating, as it implies that the hospital has greater profitability.

Most Connecticut hospital operating margins showed a flat to slightly improving trend. Eleven hospitals experienced negative operating margins

in 2001 ranging from negative .76 percent to negative 12.6 percent.

The level of this negativity and the number of consecutive years in this condition have an obvious effect on a hospital's stability, making operating margin a critically important variable to monitor. For example, nine of the eleven hospitals with negative operating margins in FY 2001 also had negative margins of varying degrees in FY 2000 and FY 1999. Twenty hospitals experienced positive operating margins in 2001, ranging from .03 percent to 4.5 percent. **Figure 1** below shows FY 2001 operating margins for all 31 acute care hospitals.

FIGURE 1: FY 2001 OPERATING MARGINS



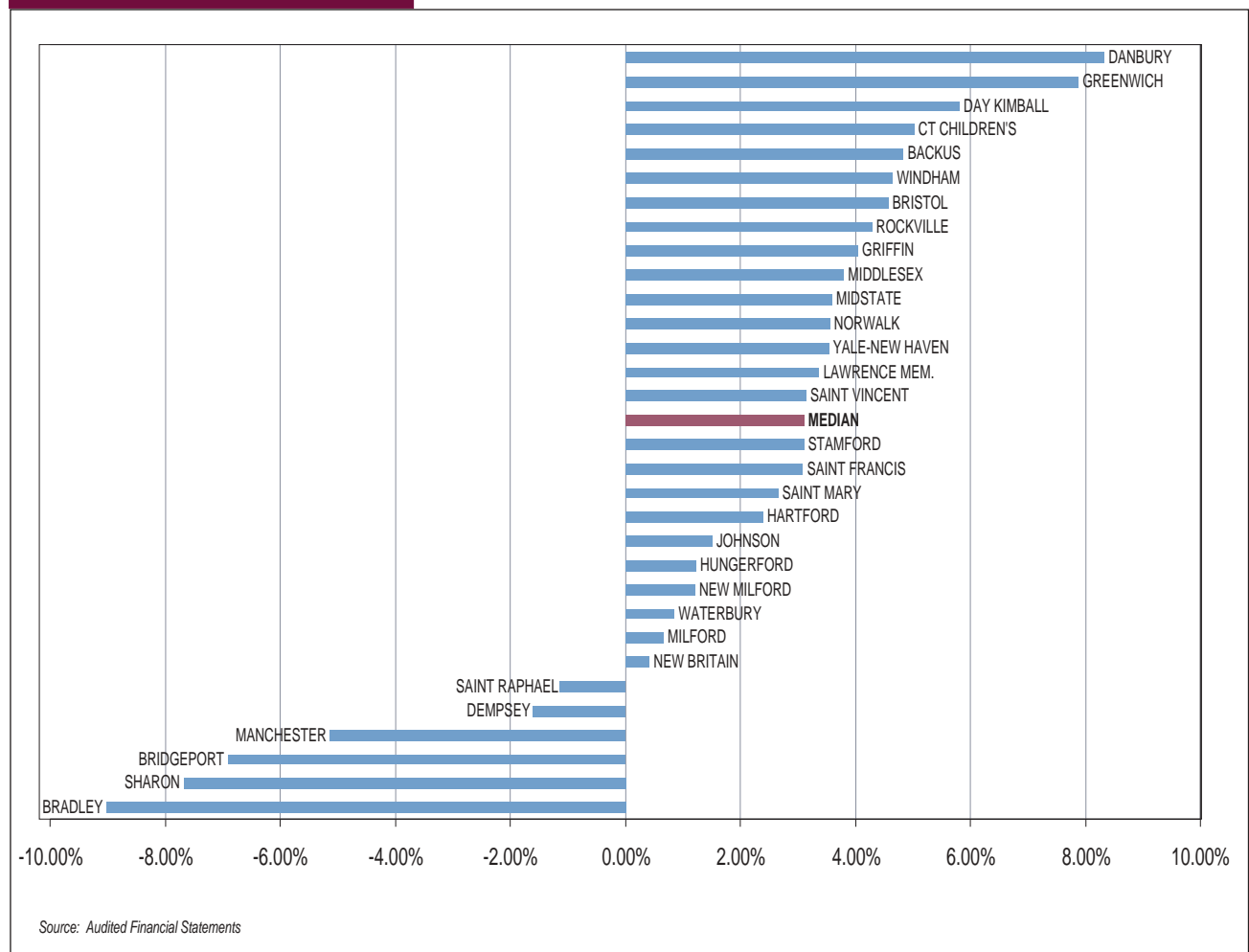
Many of Connecticut's hospitals have either large endowments or receive significant philanthropic contributions. These dollars can erase negative operating margins, and allow a hospital to remain stable despite financial difficulties from operations. Total margins serve as the ultimate bottom line for a hospital, and therefore serve as perhaps the most important variable to monitor.

Five hospitals experienced negative operating margins but had positive total margins, providing

greater financial stability in the midst of operational difficulties. Overall, twenty five hospitals experienced positive total margins ranging from less than a half a percent (.42%) to over 8 percent (8.33%).

Six hospitals reported negative total margins ranging from negative one percent to negative nine percent. **Figure 2** depicts FY 2001 total margins for all hospitals.

**FIGURE 2: FY 2001 TOTAL MARGINS**





Connecticut's median total margin compares to industry medians as follows:

**FIGURE 3: PROFITABILITY**

Total Margin (Median Value)	Connecticut Acute Care Hospitals <sup>1</sup>	Moody's Investors Services <sup>2</sup>	Standard and Poor's <sup>3</sup>	Fitch Ratings <sup>4</sup>
	3.1%	4.2%	3.3%	3.0%

### Capital Structure

A capital structure ratio demonstrates the relative strength of a hospital's equity and its ability to pay its long-term debt. The capital structure ratio used in this analysis is the **equity - financing ratio**, which measures the percentage of total assets that have been financed with equity. The higher the ratio, the more favorable the rating, as it implies that the hospital has used little debt financing in its asset acquisition program.

The statewide median equity-financing ratio fell one percentage point from FY 2000 to 45 percent in FY 2001, meaning that 45 percent of the median hospital's assets have been financed with equity. This drop indicates an increase in the use of debt financing in asset acquisition. These results are below the 54 percent median for the Northeast and 58 percent National median, as reported in the *Ingenix, 2003 Almanac of Hospital Financial & Operating Indicators*. The Ingenix Almanac notes that historically, the Northeast region tends to have the lowest equity financing ratios, or alternatively, the highest levels of debt financing.

### Liquidity

In general, liquidity measures remained relatively flat from 2000 to 2001. These ratios demonstrate the relative strength of a hospital's liquid assets, and reflect current cash position. Liquidity measures provide a barometer of a hospital's short-term financial condition.

Hospitals with low cash balances and with poor financial ratios are particularly challenged because they are not easily able to raise capital from debt or other sources. The liquidity ratios used in this report are described below.

- **Days cash on hand.** This measures the number of days in average cash expenses that the hospital maintains in cash and marketable securities. Higher values are favored as they imply a greater ability to meet obligations.
- **Days in accounts receivable.** This measures the average collection period. Higher values are less desirable as they indicate poor collection practices that can lead to cash flow problems and greater short term financing.
- **Days of expenses in accounts payable.** This measures the average time that elapses before current liabilities are paid. Higher values are less desirable, since they may indicate liquidity problems.

<sup>1</sup> As filed with OHCA. Hospital filings include Audited Financial Statements and data inputs.

<sup>2</sup> Moody's Investors Services, **Not-for-Profit Health Care Medians**, August 2002 ([www.moody.com](http://www.moody.com)), as published in *Modern Healthcare*, December 23, 2002.

<sup>3</sup> Standard and Poor's Ratings Group, 2002 Median Healthcare Ratios ([www.standardandpoors.com](http://www.standardandpoors.com)), as published in *Modern Healthcare*, December 23, 2002.

<sup>4</sup> 2002 Median Ratios for Nonprofit Hospitals, August 7, 2002 ([www.fitchratings.com](http://www.fitchratings.com))

The Connecticut hospital median days cash on hand is considerably lower than Northeast and National medians. Connecticut medians are comparable to National and Northeast medians for days in accounts receivable and days in accounts payable, as detailed in **Figure 4** below.

**FIGURE 4: LIQUIDITY MEASURES**

	<i>Connecticut Acute Care Hospitals</i>	<i>Moody's Investors Services</i>	<i>Standard and Poor's</i>	<i>Fitch Ratings</i>	<i>Ingenix 2003 Almanac Northeast</i>
Days cash on hand <sup>1</sup>	19	139	135	145	82
Accounts Receivable Days <sup>2</sup>	55	62	63	63	60
Average payment days <sup>3</sup>	62	61	63	-	66

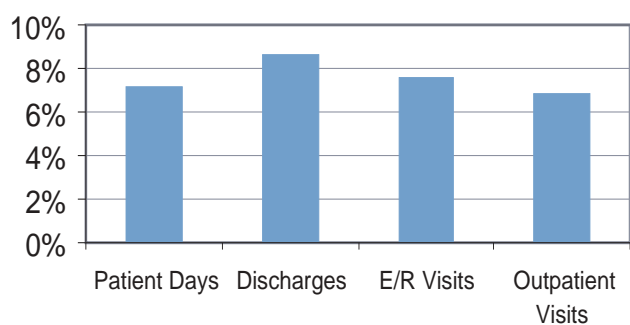
## Utilization Statistics

### Volume Indicators

Hospital patient capacity and volume, leading to corresponding revenue increases, play a vital role in hospital stability and financial performance.

**Figure 5** shows the percent increase in various volume indicators and demonstrates an upward trend for both inpatient and ambulatory services. For example, discharges have increased over 8 percent since 1999 to 395,661 in 2001. The financial effect of these volume increases will vary per hospital, based on the payers associated with the increased volumes along with related reimbursement levels.

**FIGURE 5: PERCENT INCREASE IN HOSPITAL VOLUME INDICATORS, FY 99 - FY 01**



Source: OHCA HBS Data

While increases in volume are favored, they also raise capacity and demand concerns in some already stressed service areas, such as hospital emergency rooms (ERs). ER overcrowding has become common in Connecticut and throughout the nation as hospitals work to maintain a balance of increasing volumes, declining reimbursements, and workforce shortages. Hospitals have little control over walk-in ER patients, as federal law requires patients who walk into an ER to be treated. Eighty-five percent of ER visits in

2001 were for patients who were treated and discharged. Some Connecticut hospitals manage additional volume demands by diverting incoming ambulances to nearby hospitals or require patients to postpone elective surgeries.

### Bed Capacity

Hospitals are licensed for a specific number of beds, but frequently actually operate or "staff" fewer beds. The total number of staffed beds in Connecticut in FY 2001 was 6,994, an increase of 50 beds from FY 2000. Occupancy rates of these staffed beds are an important measure of hospital efficiency. An occupancy percentage is calculated to determine the level of bed utilization. Higher bed occupancies are desired. The statewide

percentage of occupied staffed beds increased from 70 percent in FY 1999 to 76 percent in FY 2001, as hospitals struggled to manage their labor expenses more effectively.

Another utilization measure is the average time an inpatient spends in the hospital, or the average length of stay (ALOS). The statewide ALOS has held steady at 4.9 days since FY 1999.

<sup>1</sup> Higher values are favored, as they imply a greater ability to meet obligations.

<sup>2</sup> Higher collection periods are less desirable, as they can lead to greater short-term financing.

<sup>3</sup> Higher values are less desirable, as they may indicate liquidity problems.



Connecticut compares favorably to the National and Northeast bed occupancy percentages, and has greater average lengths of stay (ALOS) as profiled in **Figure 6**.

**FIGURE 6: CAPACITY**

	<i>Connecticut Acute Care Hospitals</i>	<i>Moody's Investors Services</i>	<i>Standard and Poor's</i>	<i>Fitch Ratings</i>	<i>Ingenix 2003 Almanac Northeast</i>
<b>Staffed Bed Occupancy</b>	<b>75.9%</b>	67.4%	61.2%	-	58.1%
<b>ALOS</b>	<b>4.9</b>	4.8	4.8	-	4.5

## Revenue and Payment Data

### Revenues

Price indicators describe various factors that affect the pricing or charges for services. The indicators featured in this section include payer mix, managed care discounts, and payment to cost ratios by type of payer.

The major payers for hospital services are broken down into five “payer-mix” categories: non-government payers predominantly representing private insurers; Medicare, covering the disabled and those 65 and older; Medicaid, which covers individuals meeting minimum income requirements; other medical assistance, including town and city Medicaid programs; and the uninsured, which includes self-pay and individuals with no insurance coverage.

Demographics, hospital location, physician specialty mix, and competition are just a few of the factors that affect payer mix. The reimbursements received for patient care services from these various payers constitute hospital net

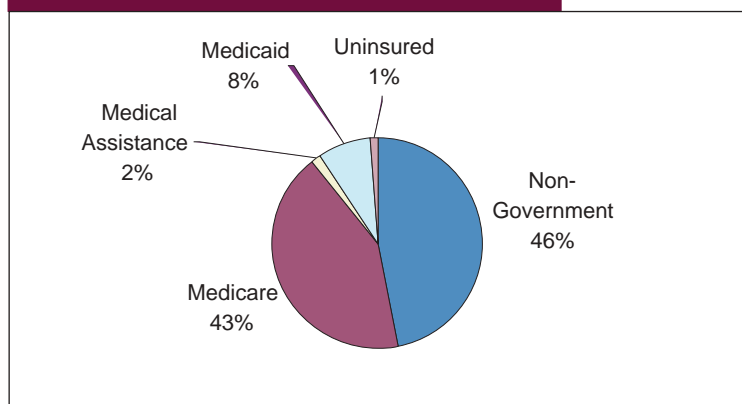
revenues. **Figure 7** shows the net revenue by payer for Connecticut hospitals.

As shown below, non-government/commercial payers are the largest revenue source for

Connecticut hospitals, representing 46 percent of total net revenue. Since managed care deregulation, hospitals have

continued to negotiate large payer discounts to gain more of non-government market share, which historically has been the most profitable payer class.

**FIGURE 7: FY 2001 CONNECTICUT HOSPITAL PAYER MIX**



Connecticut hospital average managed care discounts have nearly doubled in six years from 20 percent in FY 1996 to 38 percent in FY 2001. Concerns arise as to how hospitals can continue to offer large discounts in the wake of declining government reimbursements, as hospitals have come to rely on revenues from non-government payers to offset declining government payer reimbursement levels.

## Payments

Payer mix and the related reimbursement rates have significant effects on a hospital's financial stability.

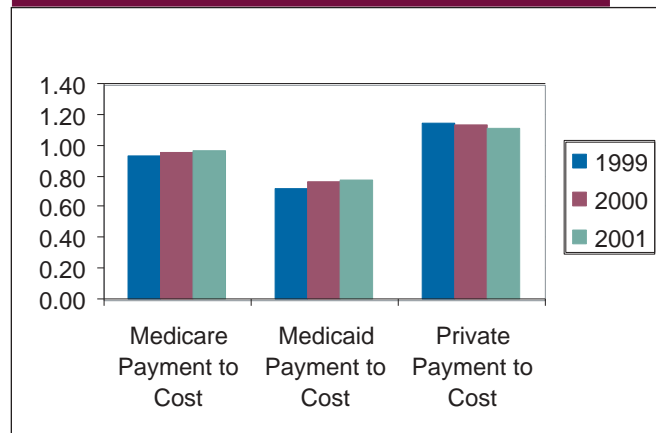
Payment to cost ratios by payer measure the amount above or below costs that hospitals are paid compared to their average costs. The greater the ratio, the more profit being generated. A ratio under 1.00 indicates that the reimbursement is lower than the cost of providing the care. Payer volume is the variable in this equation that determines the degree to which a hospital is affected by low reimbursement rates. For example, a hospital with a large proportion of patients in a payer category with a payment to cost ratio under 1.00 will be affected more severely than if it had been a smaller payer.

Traditionally, hospitals have enhanced their bottom lines by subsidizing those payers with lower payment to cost ratios with resources from those with higher payment to cost ratios. Connecticut's statewide average Medicaid payment to cost ratio (.77) has increased slightly over the past few years, but is still the lowest in relation to the Medicare (.97) and private payment (1.11) ratios. Medicaid payment to cost ratios are relatively constant among all hospitals, regardless of a hospital's financial condition or size. Appendix C provides payment to cost ratios by hospital.

The hospitals with the ten highest Medicare payment to cost ratios are all large and medium urban hospitals. Commercial or private payment to cost ratios vary greatly between high performing and lesser performing hospitals, and are therefore a good leading indicator of financial stability. Strong hospitals generally remain strong by negotiating favorable discounts with commercial payers.

For example, most of the hospitals with ratios above the statewide private payment to cost ratio have positive operating margins. **Figure 8** shows the recent trends in statewide average payment to cost ratios.

**FIGURE 8: STATEWIDE AVERAGE PAYMENT TO COST RATIOS**



## Expenses

Effectively managing expenses is critical to the financial health of a hospital. Medical specialties, technology costs, severity of patient mix, geography, labor markets, and other economic forces all play a significant role in the level of expenses. While many of these forces are difficult for a hospital to control, effective management of those expenses that are within a hospital's control is critical. One measure used to monitor hospital expenditures is **Operating Expense per Case Mix Adjusted Equivalent Discharge**. This statistic describes a hospital's average amount of expenses incurred per discharge, adjusted by its case mix index, a measure of severity of illness. This puts hospitals that treat more acute patients on an even cost footing with hospitals that treat less acute patients.

Equivalent discharges are used to account for both inpatient and outpatient volumes. The data in the **Figure 9** is provided for Connecticut hospitals.<sup>1</sup>

### Uncompensated Care

Uncompensated Care represents the level of charges for which hospitals do not receive reimbursement. Two levels of uncompensated care exist: free care, which a hospital provides knowing

in advance that it will not be reimbursed; and bad debt, whereby the hospital learns after providing the care that it will not be reimbursed fully for its services.

***The statewide average uncompensated care cost percentage of total expenses is 3.5 percent.***

This represents the percentage of uncompensated care expenses in relation to the total hospital expenses. Uncompensated care cost is calculated by multiplying uncompensated care charges by the ratio of cost to charges for all payers. This percentage of total expenses has remained relatively constant from FY 1999 to FY 2001. Large urban hospitals have far greater uncompensated care costs than rural hospitals, as demonstrated by the fact that one-half of the total uncompensated care expense in the state is attributable to the nine urban hospitals in Hartford,

New Haven, Bridgeport and Waterbury. Appendix D provides detail on a hospital-specific basis.

**FIGURE 9: FY 2001 OPERATING EXPENSE PER CASE MIX ADJUSTED EQUIVALENT DISCHARGE**

HOSPITAL	OPERATING EXPENSE PER CMAED (Operating expenses / Case Mix Index / Equivalent Discharges)
Johnson Memorial Hospital	\$4,372
Rockville General Hospital	\$4,449
New Britain General Hospital	\$4,649
Windham Community Mem. Hospital	\$4,670
Bristol Hospital	\$4,851
William W. Backus Hospital	\$4,865
Saint Francis Hospital and Med. Ctr.	\$5,126
Charlotte Hungerford Hospital	\$5,286
Lawrence and Memorial Hospital	\$5,380
Hospital of Saint Raphael	\$5,552
Middlesex Hospital	\$5,566
Day Kimball Hospital	\$5,719
Saint Vincent's Medical Center	\$5,732
Hartford Hospital	\$5,735
Saint Mary's Hospital	\$5,745
Manchester Memorial Hospital	\$5,760
Sharon Hospital	\$5,822
Bridgeport Hospital	\$5,883
Waterbury Hospital	\$5,937
New Milford Hospital	\$6,054
Griffin Hospital	\$6,111
MidState Medical Center	\$6,179
Milford Hospital	\$6,206
Danbury Hospital	\$6,573
Bradley Memorial Hospital	\$6,577
Yale-New Haven Hospital	\$7,063
Stamford Hospital	\$7,143
Greenwich Hospital	\$7,412
Norwalk Hospital	\$7,923
John Dempsey Hospital	\$7,977
<b>Statewide Average</b>	<b>\$5,877</b>

<sup>1</sup>The Connecticut Children's Medical Center (CCMC) was excluded from this analysis because it experiences much longer average lengths of stay as a Children's Hospital compared to acute care hospitals. This results in a higher operating expense per CMAED. The CCMC average HCFA wage-adjusted estimated cost per case of \$10,916 compares favorably to the National Association of Children's Hospitals and Related Institutions (NACHRI) average cost per case of \$12,792.

Patients at Connecticut's hospitals are treated regardless of their ability to pay, with the exception of non-emergent care such as elective and cosmetic surgery. A recent OHCA study of hospital free care and bad debt policies found that while free care programs and eligibility requirements vary significantly among hospitals, the following standards exist:

- All third party resources must be exhausted prior to completing the charity care application.
- Eligibility for all medical assistance is initiated with a patient application and proof of income.
- The basis for charity care levels are based on the Federal Poverty Level (FPL) income guidelines published in the United States Government's *Federal Register*.
- Patients meeting 100 percent of FPL qualify for full charity care from all hospitals.
- Two-thirds of the hospitals do not restrict the amount classified as charity care.

### **The Disproportionate Share Hospital Program**

Since the inception of the Disproportionate Share Hospital (DSH) Program in December of 1991, funds have been provided to Connecticut's acute care hospitals based upon each hospital's uncompensated and under-compensated care as a percentage of the statewide total of uncompensated and under-compensated care. In addition to reimbursement made to all hospitals for services rendered, the federal government created DSH programs to provide additional reimbursement to hospitals that serve a disproportionately high number of low-income patients. Bad debt, free care amounts and under-compensated care associated with Medical Assistance programs are all included in the DSH calculation. During FY 2001, \$177 million was disbursed to the hospitals for DSH-related payments.

## **HOSPITAL NETWORKS**

Nine of the thirty-one acute care hospitals in Connecticut are members of larger hospital systems within the state. Bradley Memorial and

New Britain General Hospital are members of the Central Connecticut Health Alliance. Bridgeport Hospital, Greenwich Hospital and Yale-New Haven Hospital are part of the Yale-New Haven Health Services Corporation. Hartford Hospital and MidState Medical Center are part of Hartford Health Care Corporation. Rockville General Hospital and Manchester Memorial Hospital are part of the Eastern Connecticut Health Network, Inc. An additional two hospitals are currently members of larger national health services corporations — St. Vincent's Medical Center's parent corporation became a member of Ascension Health in November of 1999 and Sharon Hospital became a member of Essent Corporation in April of 2002. A map showing the locations of all Connecticut acute care general hospitals is included as Appendix A of this report.

Hospitals that are challenged operationally may be able to rely on the strength of their parent or affiliates to help maintain overall financial health. Many hospitals are also able to tap into unrestricted and board-restricted assets as well as assets located in related entities as needed. A prominent example of this is Connecticut Children's Medical Center. CCMC has experienced operating losses over the last three years ranging from negative 9% to negative 12%. However, the CCMC Foundation, a related fund-raising entity, contains net assets of \$70.5 million and a four-year combined revenue in excess of expense of \$45 million. Appendix B provides data on net assets by hospital and by health system.

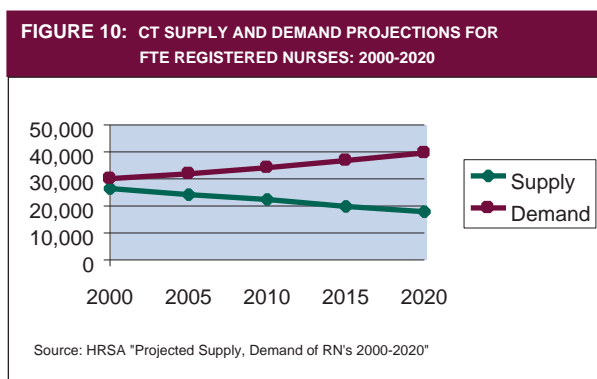
## **EXTERNAL CHALLENGES**

### **Workforce Shortages**

A significant cost pressure facing Connecticut hospitals is the shortage of nurses, which has resulted in increased use of agency personnel and overtime pay for nursing staff. In addition, reports of wage wars and generous sign-on bonuses are becoming more frequent. Health care is a labor-intensive business. In Connecticut, the median

percent of operating expenses generated by salaries and fringe benefits is over 54 percent.

The nursing shortage is predicted to have a severe impact on the health care delivery system. Although there have been cyclical periods of nursing shortages in the past, the severity of the shortage predicted for the next two decades is unprecedented. As opportunities for young men and women outside of nursing have expanded, the number of new recruits entering the workforce has declined over the last two decades. This has resulted in a steadily aging nursing workforce. As illustrated in **Figure 10**, over the next two decades, as the older cohorts of nurses begin to retire, the size of the RN workforce is forecast to be nearly 20 percent below projected requirements.<sup>1</sup>



## Aging Population Demographics

Like the rest of the nation, Connecticut also faces aging population demographics. According to U.S. Census data, Connecticut's elderly population, those 65 and older, has increased by 5.1 percent since 1990. The median age for state residents rose from 34.4 years in 1990 to 37.4 years in 2000. This aging mirrored a national trend; the U.S. median age increased from 32.9 in 1990 to 35.3 in 2000.

Census 2000 reported 13.8 percent of Connecticut's population is 65 years of age or

older, as compared to the national rate of 12.4 percent. The state's 65-plus-population distribution ranges from 10.2 percent in Tolland County to 14.7 percent in Hartford County.

## Rising Insurance and Pension Costs

Credit rating agencies such as *Standard and Poor's* are citing rapidly rising insurance and pension funding costs as a significant challenge facing not-for-profit hospitals, health systems and senior living providers.<sup>2</sup> The cost of malpractice, property and health insurance are rising well above the rate of inflation. Insurance costs overall were affected by the terrorist attacks in 2001 that caused the industry to suffer an estimated \$70 billion loss.

Like other employers, hospitals are also experiencing double-digit health insurance plan premium increases for their employees, leading to higher salary and fringe benefit expenses. Weak investment markets are forcing higher pension expense and requiring funding contributions, often for the first time in many years.

## Cost of New Technology

Hospitals are facing increased costs of care as a result of advances in medical technologies and escalating pharmaceutical and supply costs. Ongoing upgrades in technology continue to be a challenge for hospitals. With continually eroding margins, some hospitals may face the prospect of inadequate access to capital for their physical plant or information technology infrastructure. Many hospitals are choosing to lease new machines and equipment to allow them affordable access to new technology. Other hospitals are using older equipment beyond estimated useful lives, until the cost of repair or lack of available replacement parts force them to acquire new.

<sup>1</sup> Nursing Career Center of Connecticut website: <http://www.nursingcareercenterct.com>

<sup>2</sup> [www.standardandpoors.com/ratingsdirect.com](http://www.standardandpoors.com/ratingsdirect.com) "Higher Insurance and Pension Funding Costs Trouble Health Care Providers", publication date 08-Jan-2003.



## NATIONAL HEALTH CARE SPENDING IN 2001

Health care spending in the United States rose to \$1.4 trillion in 2001, an 8.7 percent increase over the previous year, according to a report by the Centers for Medicare & Medicaid Services (CMS) published in the journal *Health Affairs* in January of 2003. An 8.3 percent rise in hospital spending accounted for 30 percent of the health spending increase in 2001. This was the first time since 1992 that hospitals' contribution to the annual rate of increase had been this significant.

Although hospital spending contributed the most in absolute terms to the overall health spending increase in 2001, prescription drug spending grew at the fastest rate of any spending category, although that rate was slowing. Prescription drug spending grew in 1999 by 19.7 percent, by 16.4 percent in 2000 and 15.7 percent in 2001.

Public spending, accounting for 45 percent of national health expenditures, increased 9.4 percent in 2001. This is the second consecutive year that public spending growth exceeded private spending growth. Important sources for this growth were Medicare payment increases granted providers by the Balanced Budget Refinement Act of 1999 (BBRA) and the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA), as well as increased Medicaid spending.

Medicare spending growth accelerated 2.8 percentage points in 2001, to 7.8 percent. Medicare payments to hospitals, home health agencies, and nursing homes were particularly affected by changes in public policy, first experiencing moderate reductions in payments through the Balanced Budget Act of 1997 (BBA), and then benefiting from BIPA in 2001. Medicare spending for these providers increased by 3.6 percent in 2000, and 8.6 percent in 2001, following a decline of 1.9 percent in 1999.

Legislation added \$7.5 billion to total Medicare spending in 2001, with \$2.6 billion alone benefiting inpatient hospital spending.

Total public funding continued to accelerate, increasing 9.4 percent and exceeding private funding growth by 1.2 percentage points. This acceleration was due in part to increased Medicaid spending in the midst of a recession and payment increases for Medicare providers. Prompted by sluggish economic growth and by faster-paced health spending, health spending's share of Gross Domestic Product spiked 0.8 percentage points in 2001 to 14.1 percent.

## OVERALL FINANCIAL ASSESSMENT

Although the financial condition of several hospitals deteriorated in 2001, the majority of Connecticut hospitals remain financially viable. There is no doubt that FY 2002 will also be financially challenging for Connecticut's 31 acute care hospitals, and OHCA will continue to monitor the financial condition of hospitals on a regular basis.

Some of the key signals of distress that will be watched are provided below.

- Medicare payment to cost ratios below statewide average
- Low private payment to cost ratios
- Days in accounts payable at or above the statewide median
- Low number of days cash on hand
- Average managed care discount percentages greater than statewide average discount
- Increase in emergency room visits significantly higher than the statewide average increase
- High government volume as a percentage of discharges
- Equity financing ratios of less than 50 percent
- Staffed bed occupancy less than 70 percent
- Defaults in bond covenants
- Downgrades in credit rating status



The future viability of the state's hospitals continues to revolve around several key issues. Labor shortages, rising insurance premiums and reduced investment returns will continue to pressure hospitals' profitability. A poor economic climate and tight federal and state budgets will lead to additional cost containment measures, as well as changes to Medicare and Medicaid payment policy. Ability of hospitals to improve profitability through expense management practices is critical. More favorable managed care contract renegotiations and improvements in revenue cycle management, coupled with increases in volume and utilization, will be necessary to bolster hospital operations in the face of these significant and ongoing cost pressures.

## PUBLIC POLICY IMPLICATIONS

From a public policy perspective, monitoring the financial performance of Connecticut's hospitals is critically important to both state and federal leaders and policymakers. Health care spending consumes a large and steadily growing portion of state and federal budgets and access to care may be negatively impacted by a struggling economy. Hospital margins are not keeping pace with spending growth. Cost increases for labor, insurance, technology, pharmaceuticals and surgical supplies far surpass the rate of inflation. Nineteen percent of Connecticut hospitals (6 of 31) were operating at a loss on total bottom line in FY 2001. Sixteen percent (5 of 31) were operating at a loss on patient care, but achieving minor margin on non-operating income. Sixty-five percent (20 of 31) were achieving a margin on patient care and total bottom line.

Policymakers must consider both short and long term solutions to the current cost pressures facing hospitals. For example, schools of nursing are reporting a decline in student enrollment which translates into fewer nurses in the educational pipeline. Efforts to ameliorate the workforce

shortage include incentives to increase enrollment in baccalaureate nursing programs, however, these new nurses will not emerge from these programs for at least four years. In the interim, strategies to recruit and retain nurses remain costly for hospitals. At the federal level, the Nurse Reinvestment Act was signed by President Bush on August 1, 2002 and has been sent back to Congress for appropriations. Provisions of this new law include scholarship money to attract new students into nursing, a faculty loan cancellation program to remove financial barriers to faculty careers, funding to promote best practices in nursing care, and public service announcements to champion nursing careers. Again, even with adequate appropriations, the benefits of this new law will not be realized for quite some time.

The impact of reimbursement, legislation, and regulation must also be carefully considered. It is likely that federal and state legislatures will debate legislation related to Medicare reform, the uninsured, pharmaceutical benefits, and medical litigation reform during 2003.

According to OHCA's 2001 Household Survey, 5.6 percent of Connecticut residents were estimated to be uninsured at the time of the survey. Using Census 2000 population figures as a base, this percentage translates into 185,201 state residents without health insurance in 2001. This number is surely increasing as the unemployment rate rises in a struggling economy.

Nationally, it is estimated that over 41 million people in the United States -- nearly 15 percent of the population -- are uninsured. Both state and federal efforts will focus on how to provide the uninsured with access to coverage at a reasonable cost, as well as help those who already have coverage to maintain it in the face of rising premiums. At the state level, in response to "soaring costs and plunging revenues," every state except Alabama in fiscal year 2003 plans to, or has cut benefits, restricted eligibility, increased co-payments, dropped beneficiaries or reduced payments to providers under their Medicaid

programs, according to a survey conducted for the Kaiser Commission on Medicaid and the Uninsured in December 2002. Medicaid costs are expected to increase 9 percent in FY 2003, double the rate assumed by state legislatures when drafting their states' budgets. In addition, the report indicates that in FY 2003, 45 states are implementing controls on prescription drugs, 37 states are reducing Medicaid provider payments, 27 states are restricting or cutting eligibility, 25 states are reducing benefits and 17 states are increasing beneficiary co-payments.

It is increasingly important to create and maintain a flexible and responsive regulatory environment that allows hospitals to take full advantage of federal programs, control expenses and create new models for health care delivery. In addition, special attention should be given to hospitals in urban areas that serve a disproportionate share of Medicaid and self-pay patients. OHCA's 2001 Household Survey revealed that 9.3 percent of uninsured persons viewed their hospital's Emergency Department as their regular source of primary care.

The Office of Health Care Access should play a role in gathering data and work with the Administration and legislators to identify safety net facilities and propose solutions to ensure the long-term viability of these critical health care resources.

Demand for hospital services in Connecticut continues to accelerate. Data shows that hospital utilization has been steadily increasing, as demonstrated by rising inpatient volumes and outpatient visits. System capacity will need to be expanded and hospitals must keep up with critical advances in technology. However, hospitals' access to capital to finance these improvements will be limited by bond insurers' reactions to health care industry trends and issues. Some

evidence of this effect is the recent downgrading of several Connecticut hospital bond ratings. These downgrades will have a detrimental impact over time as hospitals look to enhance capacity and improve existing facilities.

It is clear that hospitals today are operating in a volatile environment. Hospitals face increasing demand for services coupled with accelerating costs of providing those services. Payment rates from Medicaid, Medicare and the uninsured are not increasing at the same pace, and it is unlikely that hospitals can count on higher payments from private payers to make up the difference. Both short and long term policy strategies and solutions are needed to address this complex issue. Ensuring that citizens of Connecticut have access to a quality health care system is the primary mission of the Office of Health Care Access. This report, along with OHCA's research, analysis, regulatory and reporting functions, is targeted to help Connecticut policy makers and industry leaders to monitor the health care delivery system, identify areas of potential need, formulate appropriate solutions, and better coordinate state policy and actions to control cost and improve quality.

The following section provides a statewide and an individual profile on Connecticut's 31 acute care hospitals for fiscal year 2001. All data were reported by the hospitals through OHCA's Hospital Budget System. Further information on the hospitals can be found in the Appendix Section:

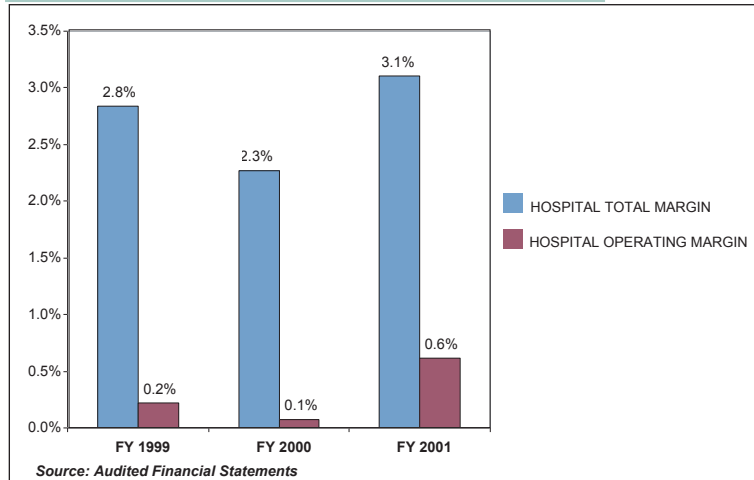
- **Appendix A includes a state map indicating the location of each of the 31 acute care hospitals.**
- **Appendix B provides an analysis of hospital and health system net assets.**
- **Appendix C calculates the ratio of cost to charges for each hospital.**
- **Appendix D provides uncompensated care and expense information.**

## HOSPITAL PROFILES

The chart and table on this page present an aggregated profile of all acute care general hospitals in Connecticut for the 2001 fiscal year. Utilization figures and financial indicators are included. All data were reported by the hospitals through OHCA's Hospital Budget System.

Subsequent pages provide individual hospital profiles and include facility location, size and key findings.

### STATEWIDE HOSPITAL MARGINS (MEDIAN)



### REVENUE & EXPENSE RATIOS

	1999	2000	2001
Net patient revenue	\$3,907,395,318	\$4,065,776,287	\$4,387,867,919
Ratio of cost to charges	.59	.56	.55
Medicare Payment to Cost	.93	.96	.97
Medicaid Payment to Cost	.71	.76	.77
Private Payment to Cost	1.14	1.13	1.11
Uncompensated Care Cost	\$148,721,715	\$151,290,138	\$155,165,966
Total expenses	\$3,998,886,892	\$4,161,331,244	\$4,470,125,105
Uncompensated care % of total expenses	3.7%	3.6%	3.5%
Average Managed Care Discounts	32%	36%	38%

### CAPITAL STRUCTURE RATIO (MEDIAN)

Equity financing ratio	44.8%	46.1%	45%
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### LIQUIDITY MEASURES (MEDIAN)

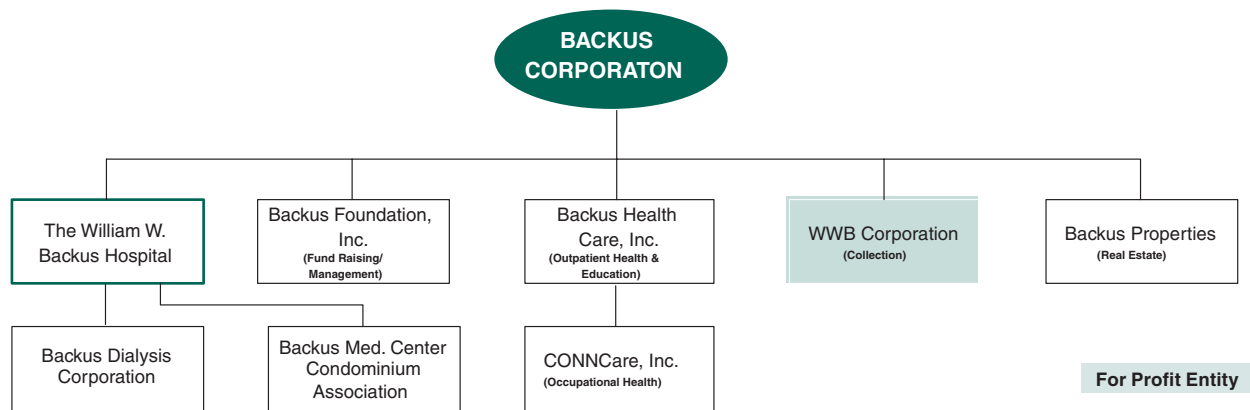
Days of expenses in accounts payable	80	66	62
Days cash on hand	16	12	19
Days of revenue in accounts receivable	62	59	55

### UTILIZATION MEASURES

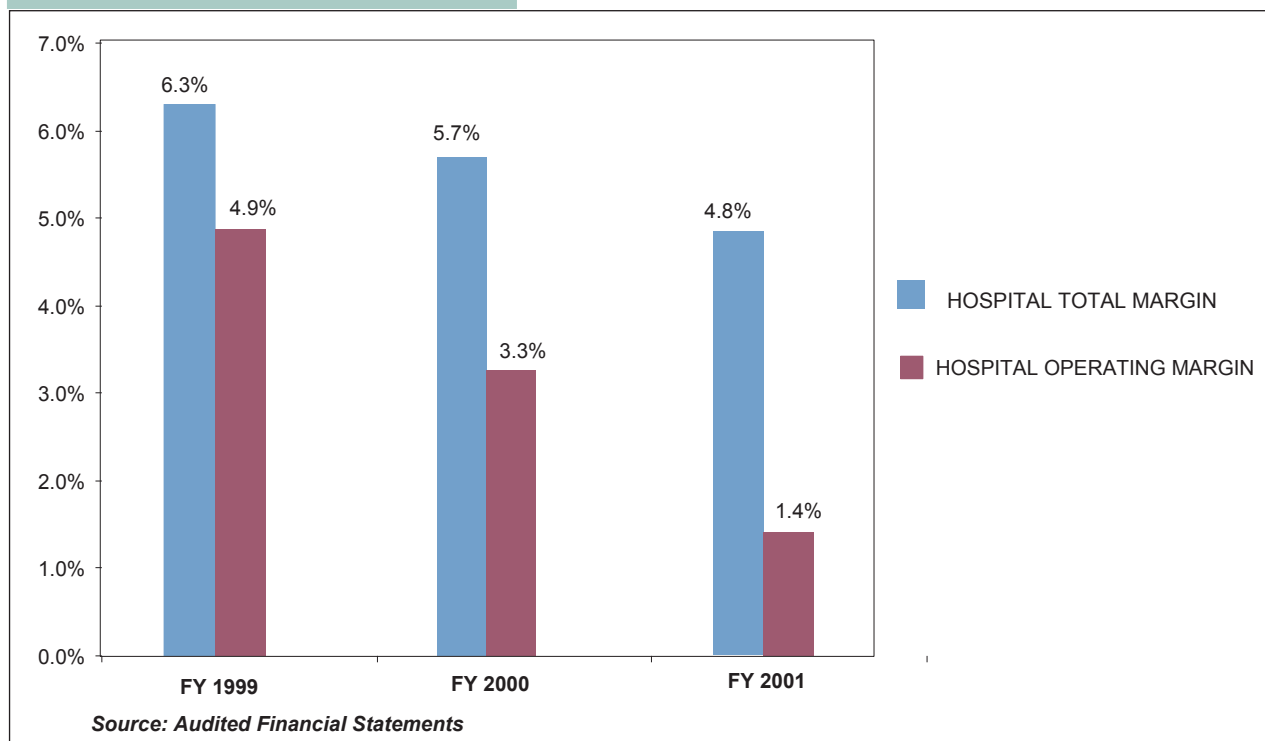
Patient Days	1,807,423	1,845,456	1,937,211
Discharges	364,078	379,038	395,661
ALOS	5.0	4.9	4.9

## WILLIAM W. BACKUS HOSPITAL

The William W. Backus Hospital, founded in 1893, is located in Norwich and, in addition to that town, primarily serves 14 other towns in New London County. In FY 2001, the hospital staffed 180 of its 233 licensed beds and employed 1,202 Full Time Equivalents. It has numerous programmatic relationships with other hospitals, including Lawrence and Memorial, Yale-New Haven, and Hartford Hospitals, along with Masonicare.



### HOSPITAL MARGINS



## KEY RESULTS

- Backus Hospital's total margin in FY 2001 was in the top five statewide. Its operating margin was close to the statewide median at 1.4%
- The hospital's strong private payment to cost ratio of 1.28 was offset by its lower than average Medicare payment to cost ratio of .87 and a Medicaid payment to cost ratio of .57.
- Occupancy of staffed beds has increased over the past three years from 73% in 1999 to 78% in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$111,147,330	\$118,788,048	\$127,932,387
Ratio of cost to charges	.57	.59	.60
Medicare Payment to Cost	.90	.88	.87
Medicaid Payment to Cost	.71	.66	.57
Private Payment to Cost	1.35	1.35	1.28
Uncompensated Care Cost	\$4,337,031	\$2,929,085	\$3,798,894
Total expenses	\$104,273,210	\$112,900,013	\$126,655,146
Uncompensated care % of total expenses	4.2%	2.6%	3.0%
Average Managed Care Discounts	19%	21%	23%

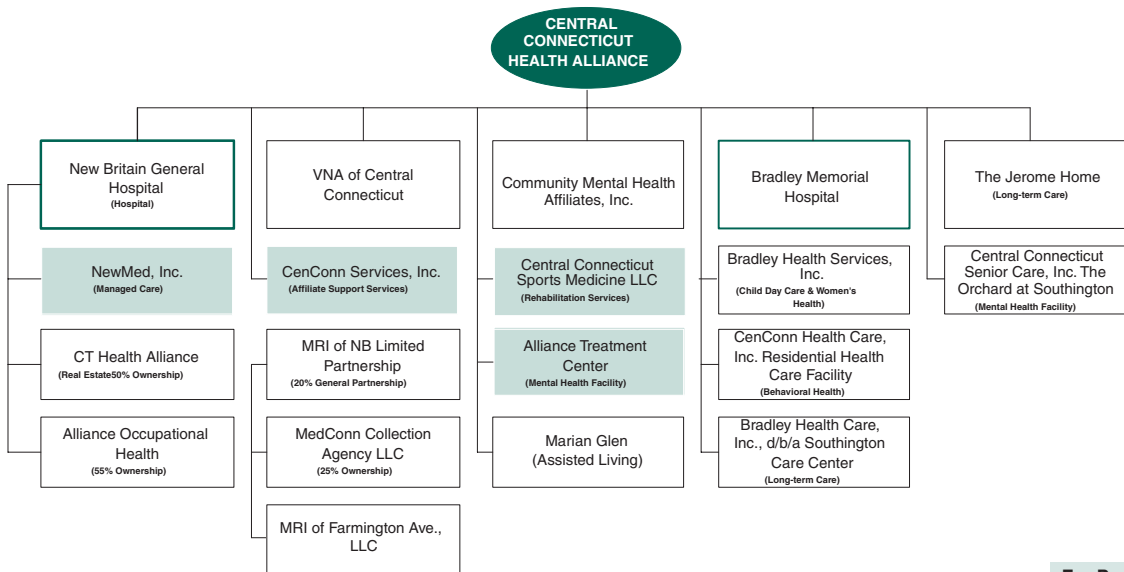
CAPITAL STRUCTURE RATIOS			
Equity financing ratio	48.4%	52.2%	58.4%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	83	46	36
Days cash on hand	30	27	23
Days of revenue in accounts receivable	62	55	52

UTILIZATION MEASURES			
Patient Days	48,801	50,321	51,029
Discharges	11,294	11,771	12,044
ALOS	4.3	4.3	4.2

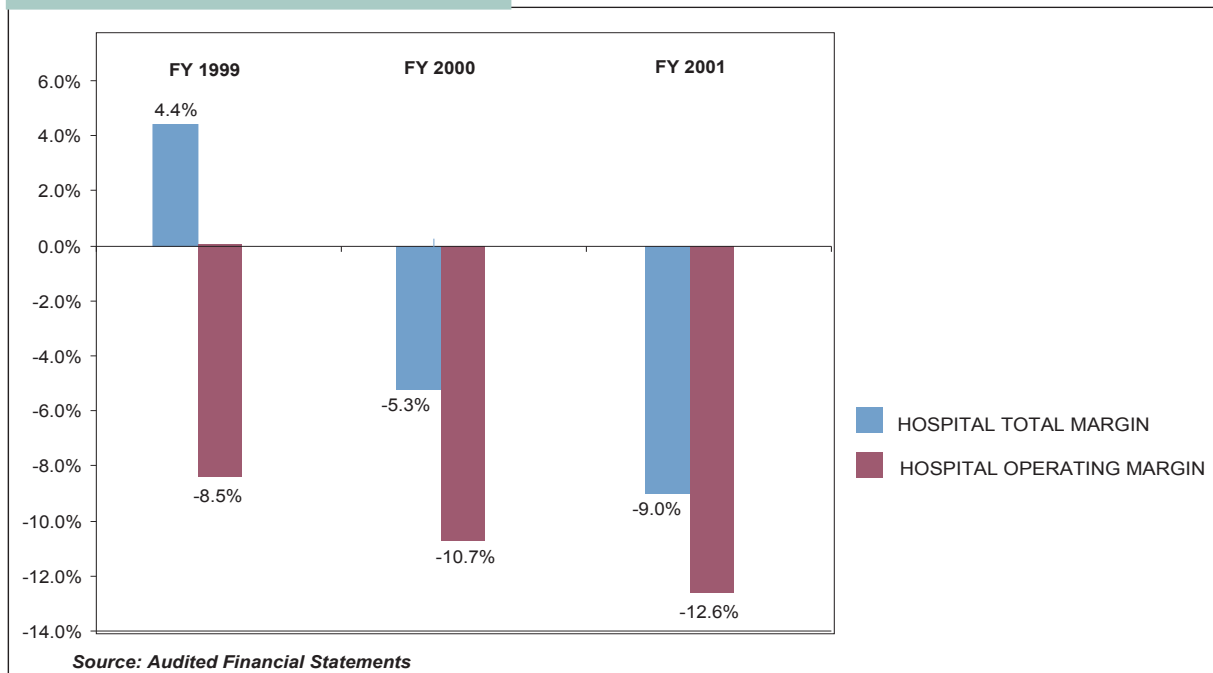
## BRADLEY MEMORIAL HOSPITAL

Bradley Memorial Hospital, founded in 1938, is located in Southington, and primarily serves the residents of that town. In FY 2001, the hospital staffed 74 of its 84 licensed beds and employed 276 Full Time Equivalents. It is a part of the Central Connecticut Health Alliance, which also includes New Britain General Hospital, as well as home health, behavioral health, rehabilitation, and long-term care entities.



For Profit Entity

## HOSPITAL MARGINS





## KEY RESULTS

- Bradley Hospital reported the lowest FY 2001 total and operating margins in the state.
- Total expenses increased 9% while revenues increased by 4%.
- Medicare and Medicaid payment to cost ratios were considerably lower than the statewide averages of .97 and .77, respectively.
- The hospital had the lowest staffed bed occupancy in the state at 43%, which is far below the statewide average of 76%.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net Patient Revenue	\$23,751,286	\$24,161,298	\$25,187,606
Ratio of cost to charges	.61	.63	.69
Medicare Payment to Cost	.92	.89	.85
Medicaid Payment to Cost	.60	.45	.68
Private Payment to Cost	1.05	1.05	1.00
Uncompensated Care Cost	\$590,187	\$809,876	\$450,211
Total expenses	\$25,205,757	\$26,006,329	\$28,316,205
Uncompensated care % of total expenses	2.3%	3.1%	1.6%
Average Managed Care Discounts	32%	30%	30%

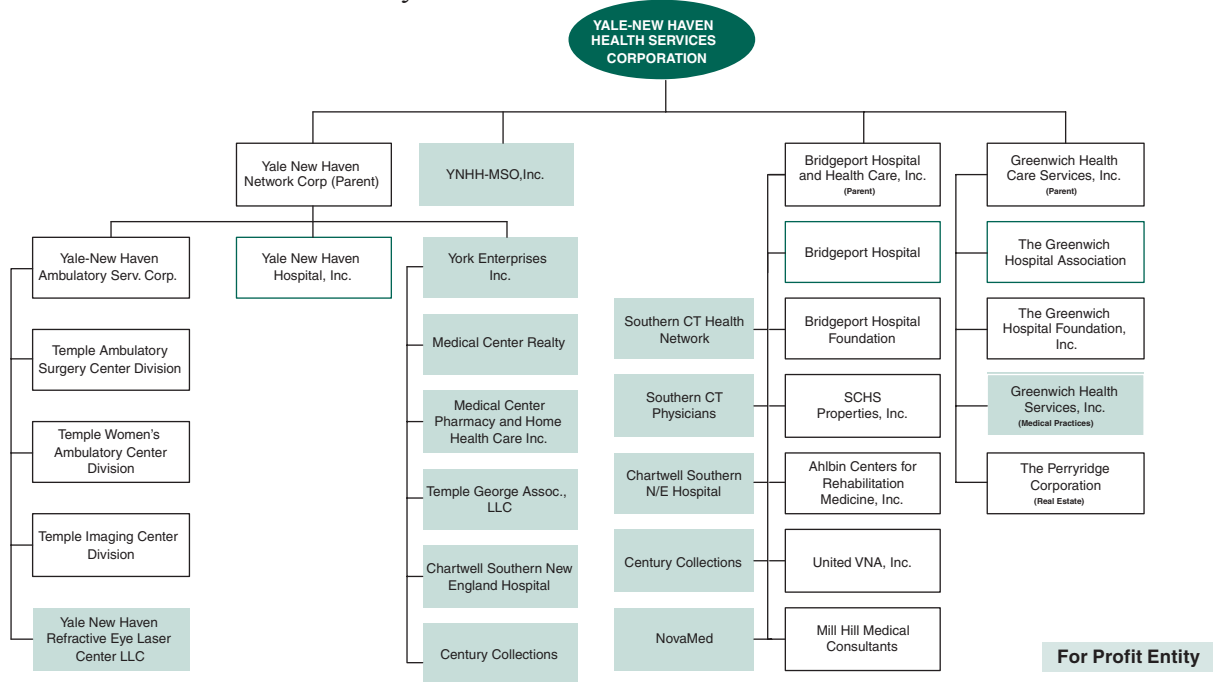
CAPITAL STRUCTURE RATIO			
Equity financing ratio	46.3%	46.1%	44.3%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	65	53	55
Days cash on hand	17	13	14
Days of revenue in accounts receivable	57	42	34

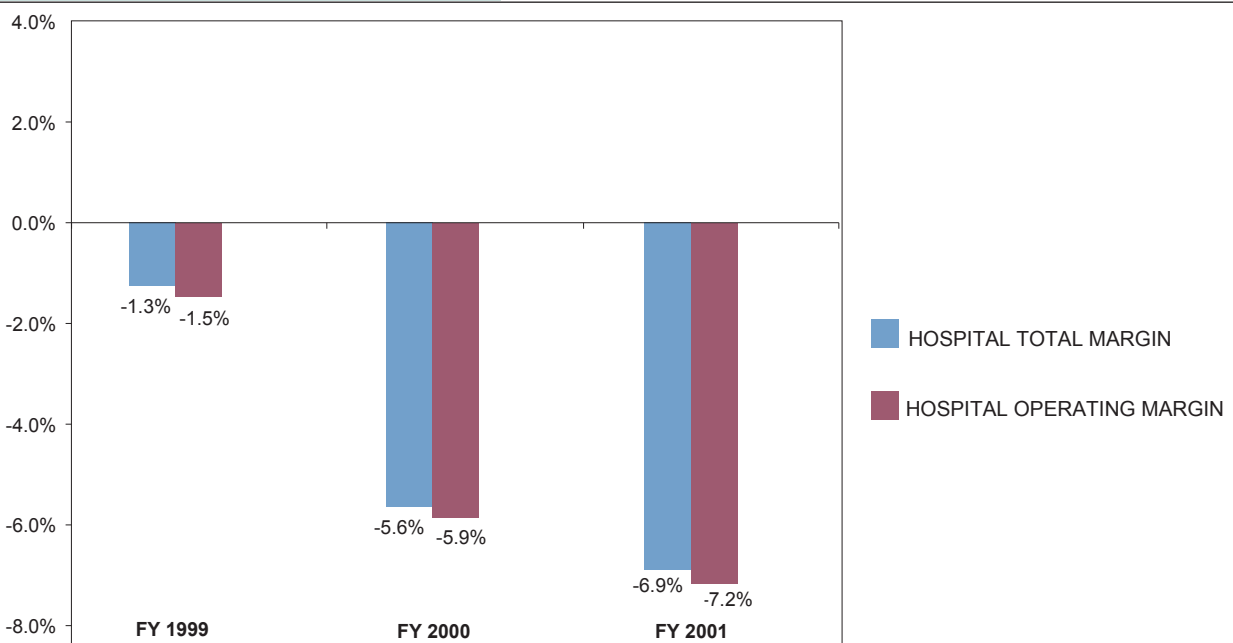
UTILIZATION MEASURES			
Patient Days	12,202	11,626	11,687
Discharges	2,391	2,446	2,626
ALOS	5.1	4.8	4.5

## BRIDGEPORT HOSPITAL

Bridgeport Hospital, founded in 1878, is located in Bridgeport and, in addition to that city, primarily serves five other towns in Fairfield County. In FY 2001, the hospital staffed 299 of its 425 licensed beds and employed 1,696 Full Time Equivalents. The hospital is Bridgeport's largest private employer. Bridgeport Hospital is an affiliate of the Yale-New Haven Health System.



## HOSPITAL MARGINS



## KEY RESULTS

- Bridgeport Hospital reported FY 2001 margins well below the statewide median.
- Days cash on hand was 15 days for FY 2001, which is below the statewide average of 23 days.
- The hospital's equity financing ratio for FY 2001 was 32%, below the statewide average of 45%.
- All payment to cost ratios declined in FY 2001. The private payment to cost ratio declined the most, falling from 1.23 in FY 2000 to 1.07 in FY 2001.
- FY 2001 net patient revenue decreased by 1% from FY 2000 and total expenses increased by 9% over FY 2000 totals.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$174,613,313	\$194,948,857	\$192,473,693
Ratio of cost to charges	.54	.50	.51
Medicare Payment to Cost	1.01	1.04	.99
Medicaid Payment to Cost	.71	.72	.62
Private Payment to Cost	1.10	1.23	1.07
Uncompensated Care Cost	\$5,869,524	\$5,708,590	\$6,100,563
Total expenses	\$183,399,108	\$192,801,317	\$210,295,523
Uncompensated care % of total expenses	3.2%	3.0%	2.9%
Average Managed Care Discounts	42%	41%	47%

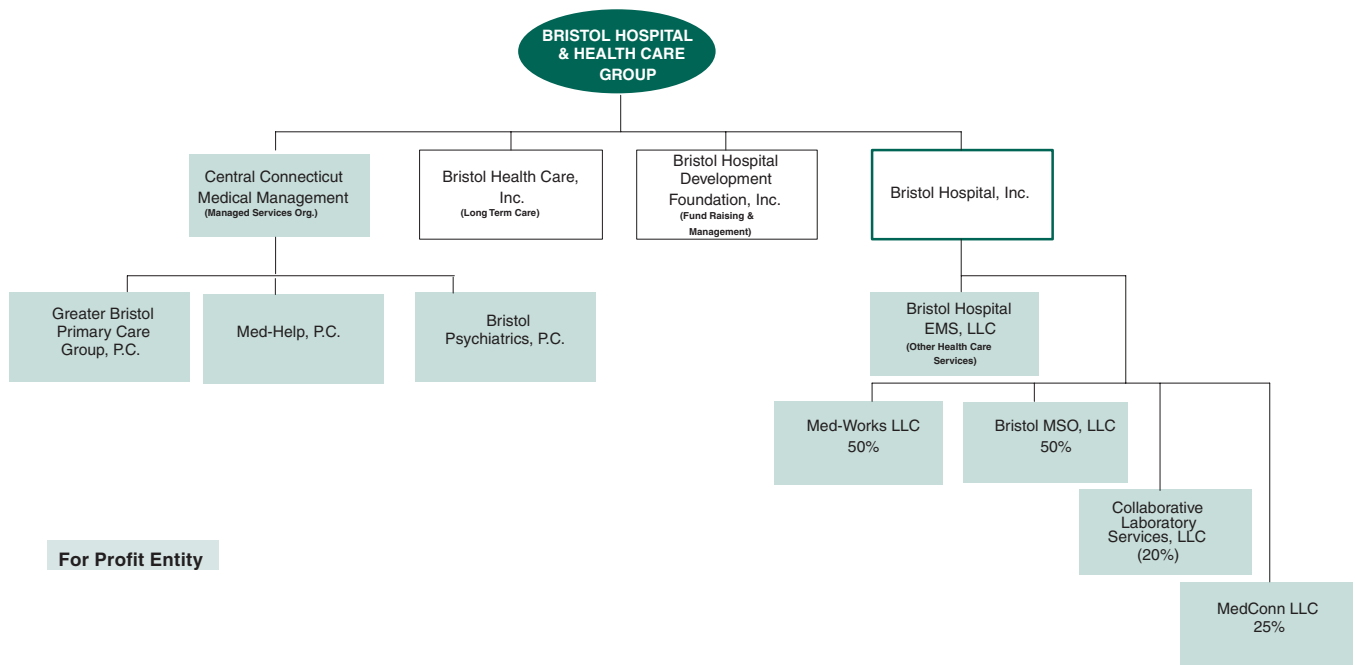
CAPITAL STRUCTURE RATIO			
Equity financing ratio	34.2%	32.4%	31.7%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	80	70	76
Days cash on hand	17	11	15
Days of revenue in accounts receivable	83	76	57

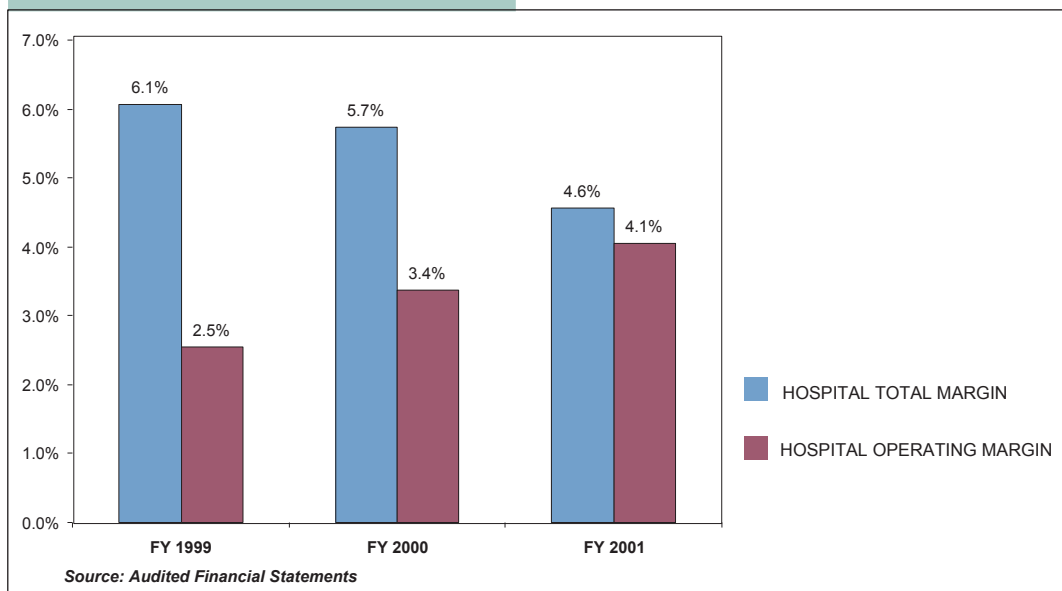
UTILIZATION MEASURES			
Patient Days	95,946	99,825	102,963
Discharges	19,006	19,913	20,279
ALOS	5.1	5.0	5.1

## BRISTOL HOSPITAL

Bristol Hospital, founded in 1921, is located in Bristol and primarily serves the residents of that town. In FY 2001, the hospital staffed 154 of its 172 licensed beds and employed 845 Full Time Equivalents. Bristol Hospital is an affiliate of Saint Francis Hospital.



## HOSPITAL MARGINS



## KEY RESULTS

- Bristol Hospital reported one of the top 5 highest operating margins in the state for FY 2001.
- The FY 2001 liquidity measures, including days of expenses in accounts payable, days of cash on hand and days of revenue in accounts receivable, were better than the statewide averages.
- The hospital's FY 2001 equity financing ratio of 59% significantly exceeded the statewide average of 45%.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$69,643,612	\$76,511,710	\$80,766,071
Ratio of cost to charges	.48	.46	.46
Medicare Payment to Cost	.94	.95	.95
Medicaid Payment to Cost	.75	.80	.80
Private Payment to Cost	1.21	1.26	1.22
Uncompensated Care Cost	\$2,473,339	\$2,618,577	\$2,617,010
Total expenses	\$67,680,578	\$72,446,988	\$77,962,365
Uncompensated care % of total expenses	3.7%	3.6%	3.4%
Average Managed Care Discounts	42%	43%	45%

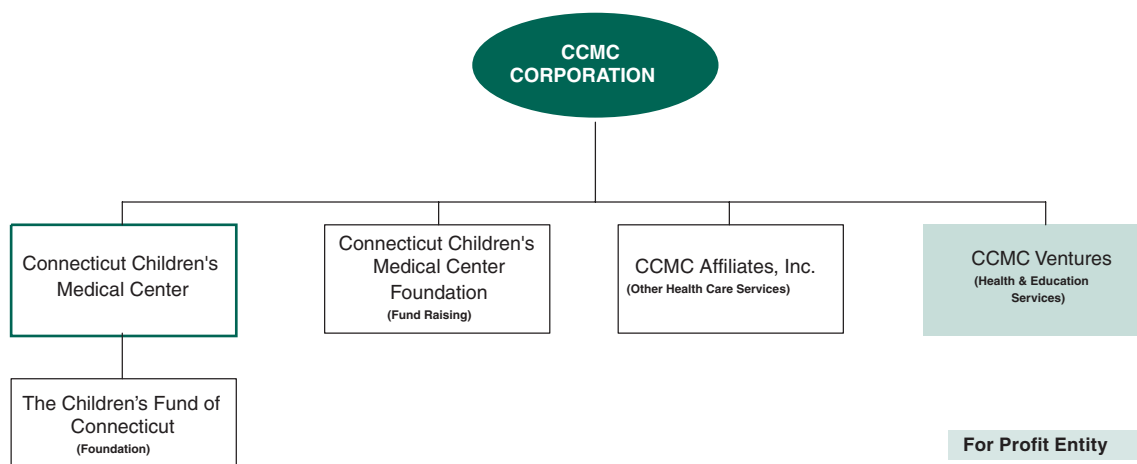
CAPITAL STRUCTURE RATIO			
Equity financing ratio	59.8%	58.9%	59.1%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	48	57	62
Days cash on hand	30	47	55
Days of revenue in accounts receivable	51	50	45

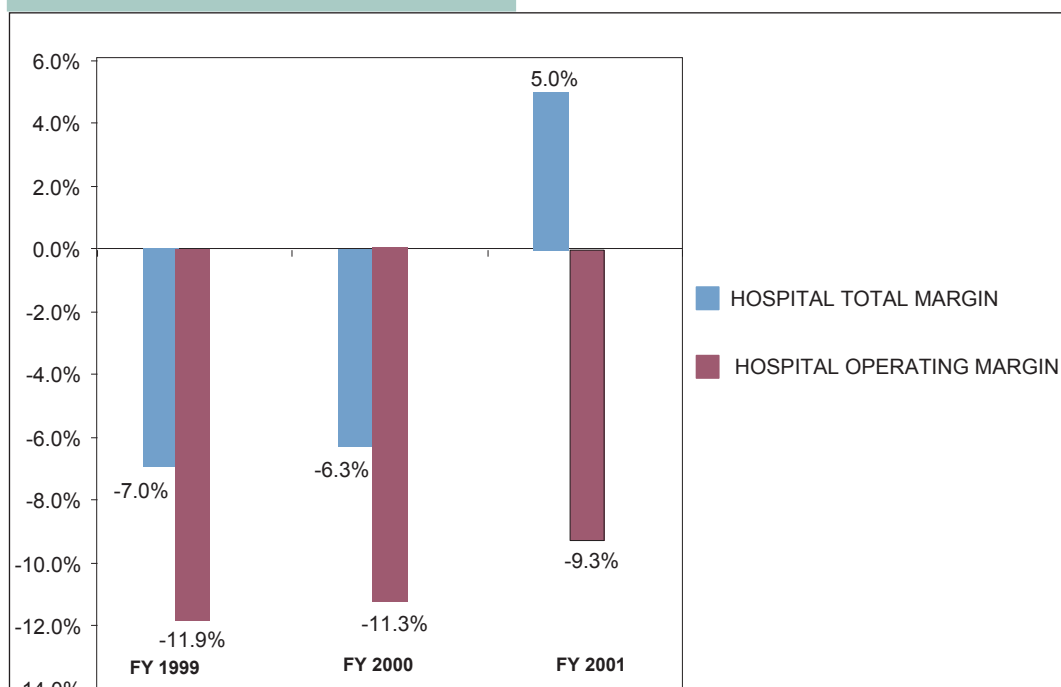
UTILIZATION MEASURES			
Patient Days	29,697	34,268	35,311
Discharges	7,247	8,083	8,120
ALOS	4.1	4.2	4.4

## CONNECTICUT CHILDREN'S MEDICAL CENTER

Connecticut Children's Medical Center (CCMC), located in Hartford, began operating in 1996 as the successor to Newington Children's Hospital. In FY 2001, the hospital staffed 106 of its 123 licensed beds and employed 759 Full Time Equivalents. It is a statewide referral site for pediatric care.



### HOSPITAL MARGINS



Source: Audited Financial Statements



## KEY RESULTS

- Connecticut Children's Medical Center reported the widest swing between total and operating margins, experiencing a negative 9% operating margin and a positive 5% total margin in FY 2001. This can be attributed to FAS136 changes in reporting of CCMC's interest in the net assets of CCMC Foundation, Inc.
- The hospital's Medicaid payment to cost ratio of .98 was significantly higher than the statewide average of .77, while the private payment to cost ratio of .82 was the lowest such ratio among the 31 acute care hospitals.
- Days of cash on hand improved from 3 days in FY 2000 to 9 days in FY 2001 but still remained far below the statewide average of 23 days.

### REVENUE & EXPENSE RATIOS

	1999	2000	2001
Net patient revenue	\$61,662,879	\$65,166,189	\$76,516,940
Ratio of cost to charges	.73	.68	.66
Medicare Payment to Cost	.18	.84	26.61
Medicaid Payment to Cost	.94	.97	.98
Private Payment to Cost	.84	.82	.82
Uncompensated Care Cost	\$2,310,227	\$2,604,003	\$2,279,733
Total expenses	\$71,588,478	\$76,312,026	\$85,252,955
Uncompensated care % of total expenses	3.2%	3.4%	2.7%
Average Managed Care Discounts	41%	47%	50%

### CAPITAL STRUCTURE RATIO

Equity financing ratio	24.8%	24.2%	45.0%
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### LIQUIDITY MEASURES

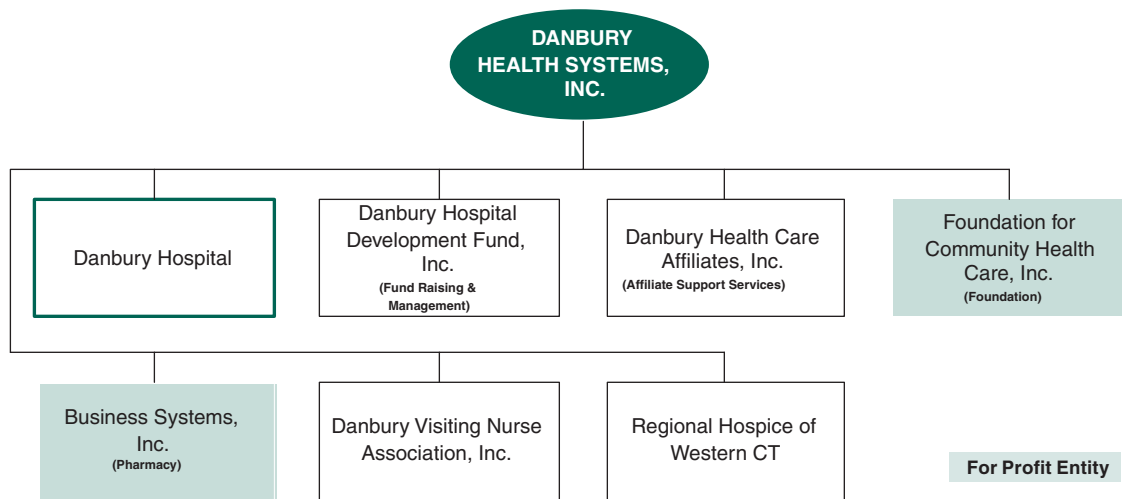
Days of expenses in accounts payable	80	68	86
Days cash on hand	5	3	9
Days of revenue in accounts receivable	70	54	54

### UTILIZATION MEASURES

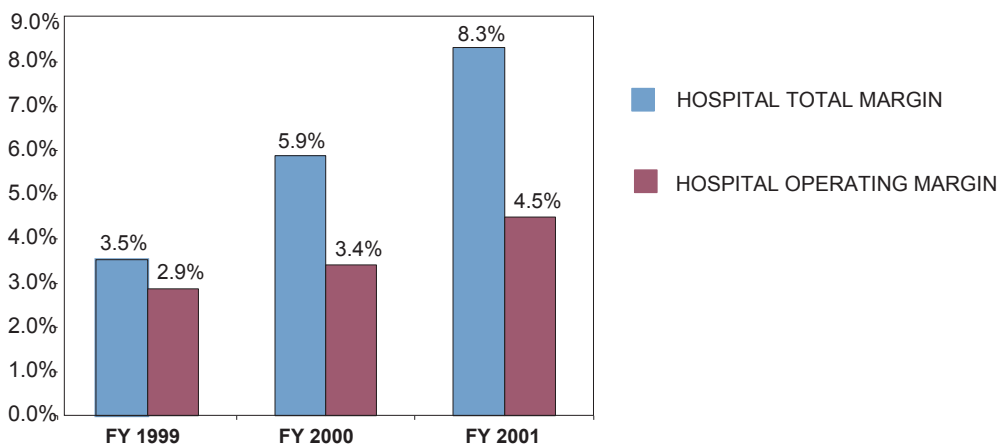
Patient Days	26,727	27,523	30,246
Discharges	4,307	4,846	5,020
ALOS	6.2	5.7	6.0

## DANBURY HOSPITAL

The Danbury Hospital, founded in 1885, is located in Danbury and, in addition to that city, primarily serves eight other towns. In FY 2001, the hospital staffed 218 of its 371 licensed beds and employed 1,899 Full Time Equivalents. It also serves as a regional referral center for the residents of western Connecticut and southeastern New York.



## HOSPITAL MARGINS



Source: Audited Financial Statements

## KEY RESULTS

- Danbury Hospital reported the highest FY 2001 total margin and the second highest operating margin among Connecticut's 31 acute care hospitals.
- A 45% increase in cash on the Balance Sheet resulted in cash on hand increasing from 48 days in FY 2000 to 64 days in FY 2001, a 32% increase.
- Occupancy of staffed beds increased dramatically in FY 2001 to 93%. This increase was due to staffed beds decreasing to 218 in FY 2001, down from 304 in FY 2000.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$189,233,913	\$197,152,962	\$222,156,396
Ratio of cost to charges	.56	.51	.52
Medicare Payment to Cost	.96	.91	.98
Medicaid Payment to Cost	.71	.57	.62
Private Payment to Cost	1.26	1.31	1.21
Uncompensated Care Cost	\$8,992,495	\$8,337,295	\$8,857,500
Total expenses	\$180,607,795	\$187,116,435	\$212,387,832
Uncompensated care % of total expenses	5.0%	4.5%	4.2%
Average Managed Care Discounts	23%	27%	33%

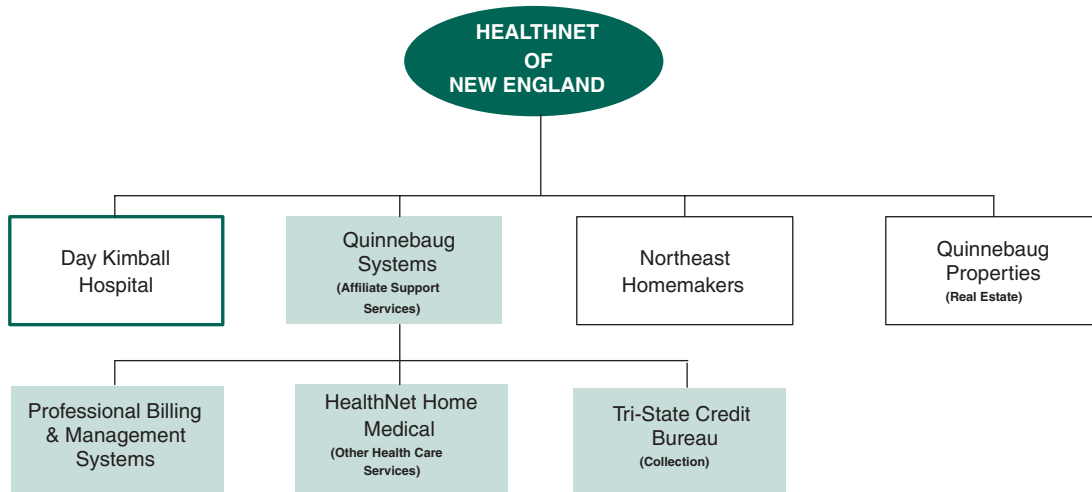
CAPITAL STRUCTURE RATIO			
Equity financing ratio	44.4%	46.1%	51.0%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	80	81	71
Days cash on hand	53	48	64
Days of revenue in accounts receivable	72	67	59

UTILIZATION MEASURES			
Patient Days	70,697	71,413	73,932
Discharges	16,942	17,621	17,956
ALOS	4.2	4.1	4.1

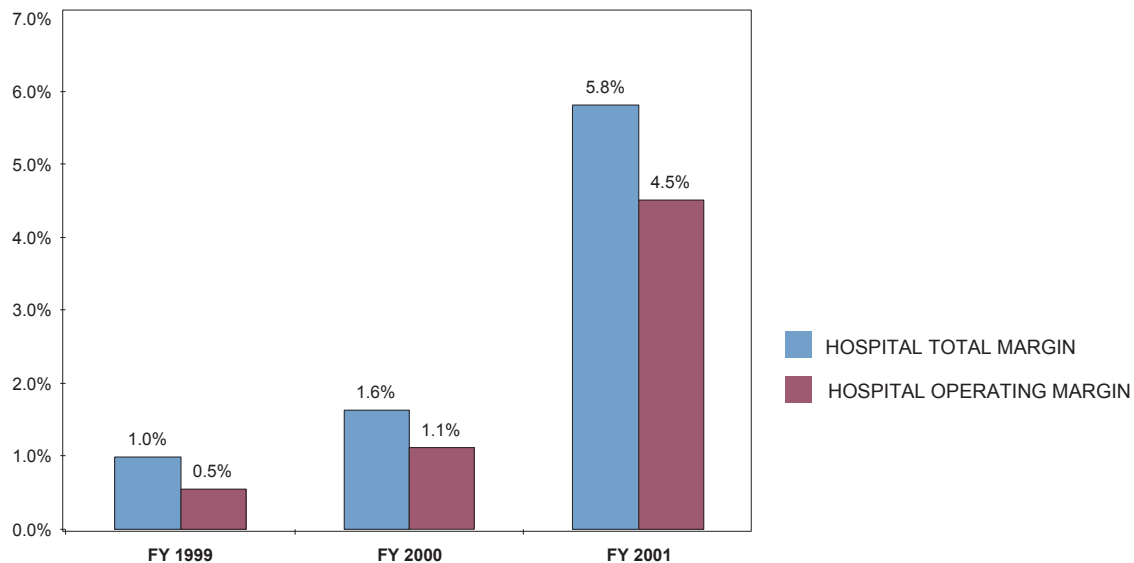
## DAY KIMBALL HOSPITAL

Day Kimball Hospital, founded in 1894, is located in Putnam and, in addition to that town, primarily serves eight other towns. In FY 2001, the hospital staffed 72 of its 122 licensed beds and employed 673 Full Time Equivalents. Day Kimball is part of HealthNet of New England and is affiliated with the University of Massachusetts Memorial Medical Center, which provides its patients with tertiary care.



For Profit Entity

### HOSPITAL MARGINS



## KEY RESULTS

- The hospital's operating margin was highest in the state at 4.5% in FY 2001.
- Total margin is the third highest statewide.
- Days cash on hand increased approximately 65% in FY 2001, increasing from 74 days in FY 2000 to 122 days in FY 2001, due to the hospital's increased emphasis on reducing accounts receivable and increasing collections of account balances.
- Occupancy of staffed beds increased from 53% in 1997 to 87% in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$57,913,113	\$58,961,321	\$65,921,166
Ratio of cost to charges	.62	.58	.58
Medicare Payment to Cost	.94	.92	.91
Medicaid Payment to Cost	.73	.70	.70
Private Payment to Cost	1.24	1.29	1.31
Uncompensated Care Cost	\$1,447,632	\$1,855,945	\$1,925,444
Total expenses	\$56,747,079	\$57,930,984	\$63,822,637
Uncompensated care % of total expenses	2.6%	3.2%	3.0%
Average Managed Care Discounts	21%	22%	22%

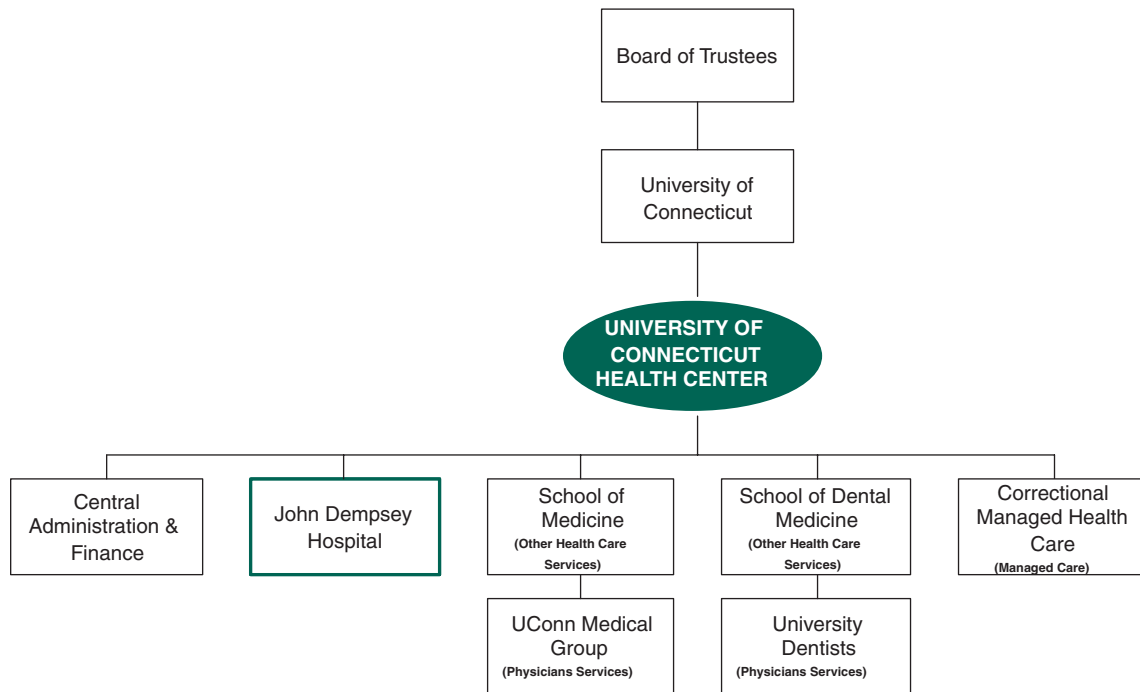
CAPITAL STRUCTURE RATIO			
Equity financing ratio	49.2%	46.9%	48.0%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	45	47	63
Days cash on hand	58	74	122
Days of revenue in accounts receivable	53	56	57

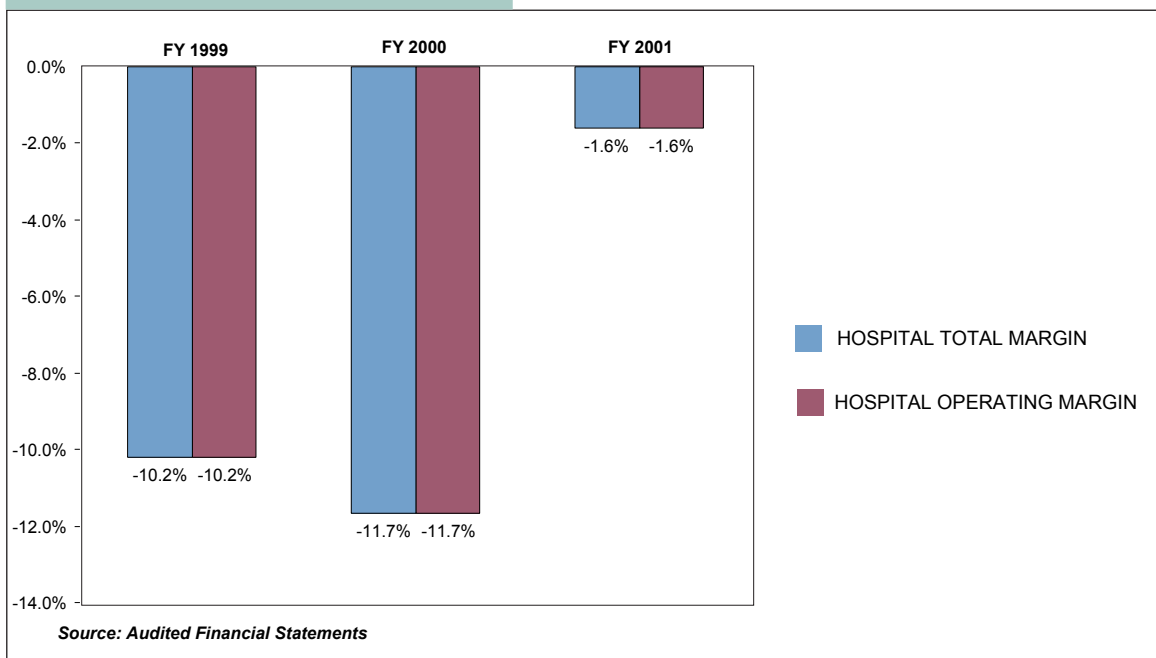
UTILIZATION MEASURES			
Patient Days	20,807	22,361	22,914
Discharges	5,271	5,629	6,025
ALOS	4.0	4.0	3.8

## JOHN DEMPSEY HOSPITAL

John Dempsey Hospital, located in Farmington, was founded in 1975 as the teaching hospital of the University of Connecticut Health Center. In FY 2001, the hospital staffed all of its 224 licensed beds and employed 933 Full Time Equivalents. It also serves as a statewide referral site for tertiary care.



### HOSPITAL MARGINS





## KEY RESULTS

- FY 2001 was the first fiscal year John Dempsey Hospital operated and reported data on a state fiscal year basis (July 1 to June 30), to align with the fiscal year of its parent affiliate, The University of Connecticut Health Center.
- Operating and total margins were well below the statewide median in FY 2001.
- Payment to cost ratios for Medicare, Medicaid, and private payer sources were up from fiscal year 2000. The largest improvement was for Medicare, which increased from .97 in FY 2000 to 1.19 for FY 2001, far above the statewide average of .97.
- Treated and admitted emergency room visits increased 27% from FY 2000, while emergency room visits increased 16% overall for FY 2001.
- Psychiatric clinic visits increased 17%, rising from 9,569 in FY 2000 to 11,168 in FY 2001.
- The hospital's average daily census increased 4% from 138 in FY 2000 to 143 in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$115,652,967	\$109,017,633	\$126,104,081
Ratio of cost to charges	.73	.68	.61
Medicare Payment to Cost	1.03	.97	1.19
Medicaid Payment to Cost	.72	.77	.80
Private Payment to Cost	1.01	.89	.94
Uncompensated Care Cost	\$2,956,808	\$1,405,197	\$1,441,333
Total expenses	\$123,921,621	\$125,124,299	\$129,852,448
Uncompensated care % of total expenses	2.4%	1.1%	1.1%
Average Managed Care Discounts	24%	40%	43%

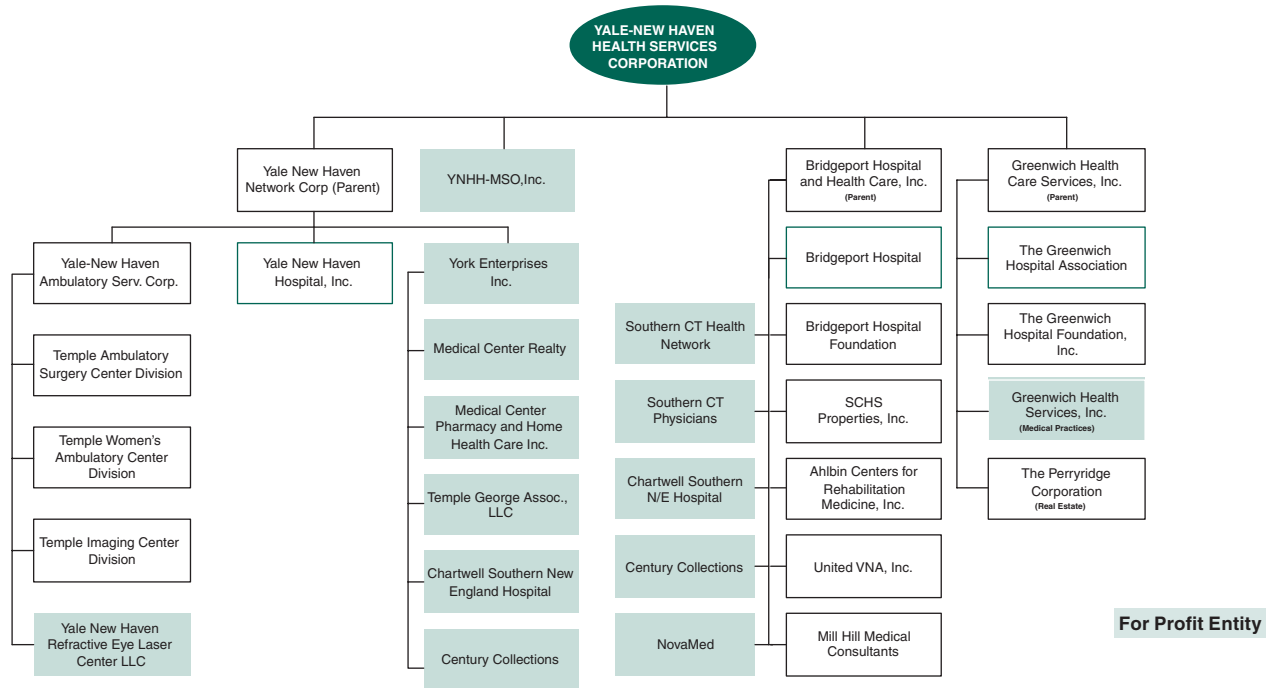
CAPITAL STRUCTURE RATIO			
Equity financing ratio	73.1%	68.4%	61.2%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	64	60	64
Days cash on hand	0	0	0
Days of revenue in accounts receivable	77	51	54

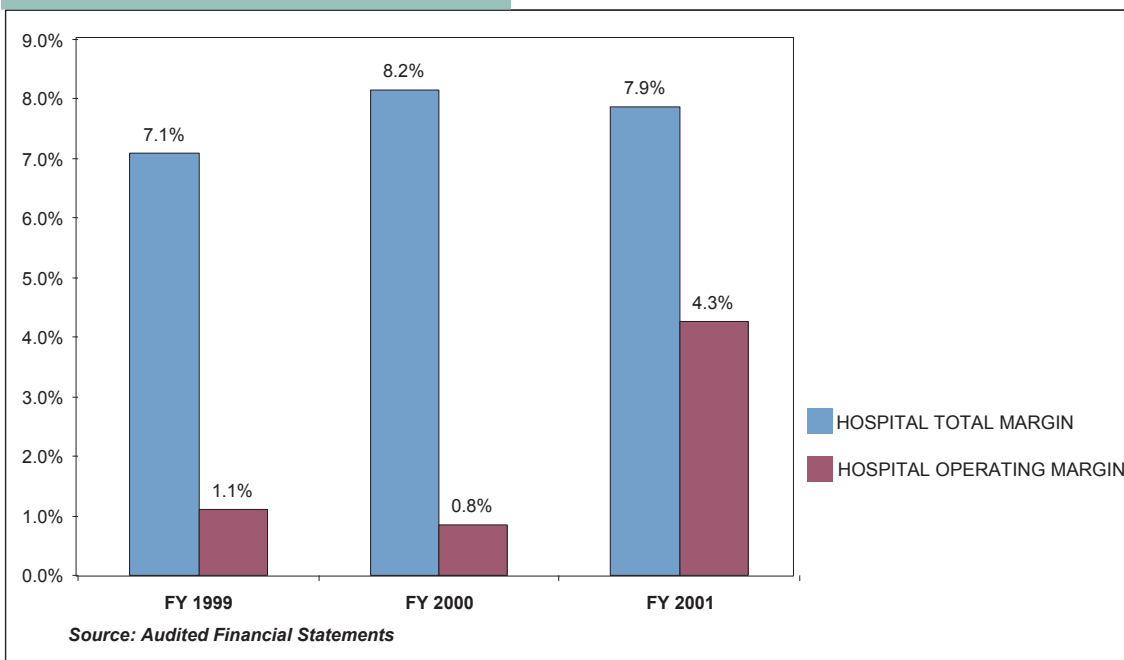
UTILIZATION MEASURES			
Patient Days	47,509	50,265	52,392
Discharges	6,043	6,896	7,852
ALOS	7.9	7.3	6.7

## GREENWICH HOSPITAL

Greenwich Hospital, founded in 1903, is located in Greenwich and primarily serves the residents of that town as well as Westchester County, New York. In FY 2001, the hospital staffed all of its 178 licensed beds and employed 1,114 Full Time Equivalents. Greenwich Hospital is an affiliate of the Yale-New Haven Health System.



### HOSPITAL MARGINS



## KEY RESULTS

- In 2001, Greenwich Hospital experienced the third highest operating margin and the second highest total margin statewide.
- Net patient revenue increased 22% from \$117,334,444 in FY 2000 to \$142,796,796 in FY 2001.
- Hospital days cash on hand improved during FY 2001, increasing from 28 days in FY 2000 to 46 days in FY 2001.
- Hospital patient days rose by 9%, increasing from 40,758 days in FY 2000 to 44,501 days in FY 2001.
- Outpatient visits increased 14%, from 288,127 in FY 2000 to 327,269 in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$111,403,822	\$117,334,444	\$142,796,796
Ratio of cost to charges	.56	.56	.53
Medicare Payment to Cost	.83	.79	.81
Medicaid Payment to Cost	.75	.79	.89
Private Payment to Cost	1.36	1.28	1.28
Uncompensated Care Cost	\$3,887,018	\$4,225,689	\$5,254,986
Total expenses	\$106,119,745	\$117,365,132	\$138,801,414
Uncompensated care % of total expenses	3.7%	3.6%	3.8%
Average Managed Care Discounts	24%	28%	33%

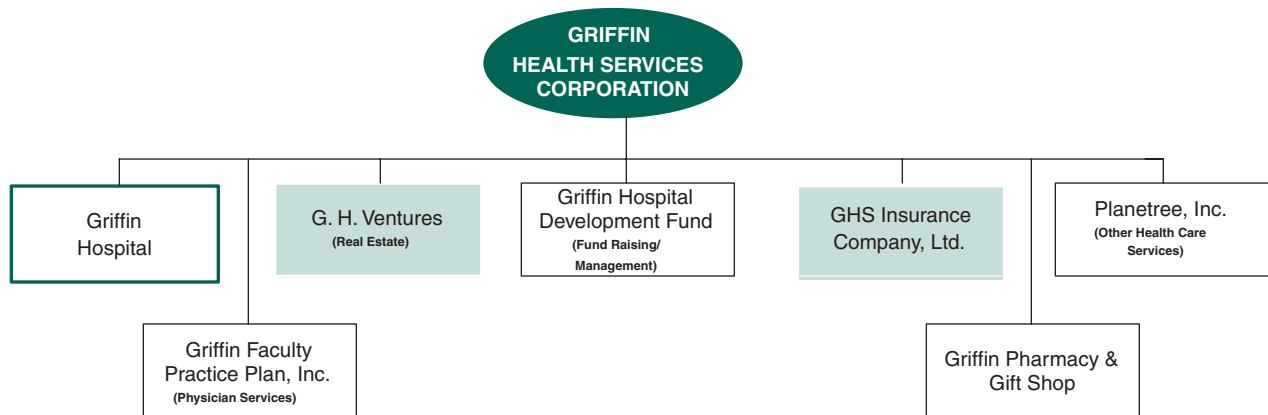
CAPITAL STRUCTURE RATIO			
Equity financing ratio	45.9%	48.1%	48.7%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	124	113	108
Days cash on hand	64	28	46
Days of revenue in accounts receivable	56	55	57

UTILIZATION MEASURES			
Patient Days	41,931	40,758	44,501
Discharges	8,429	8,824	10,453
ALOS	5.0	4.6	4.3

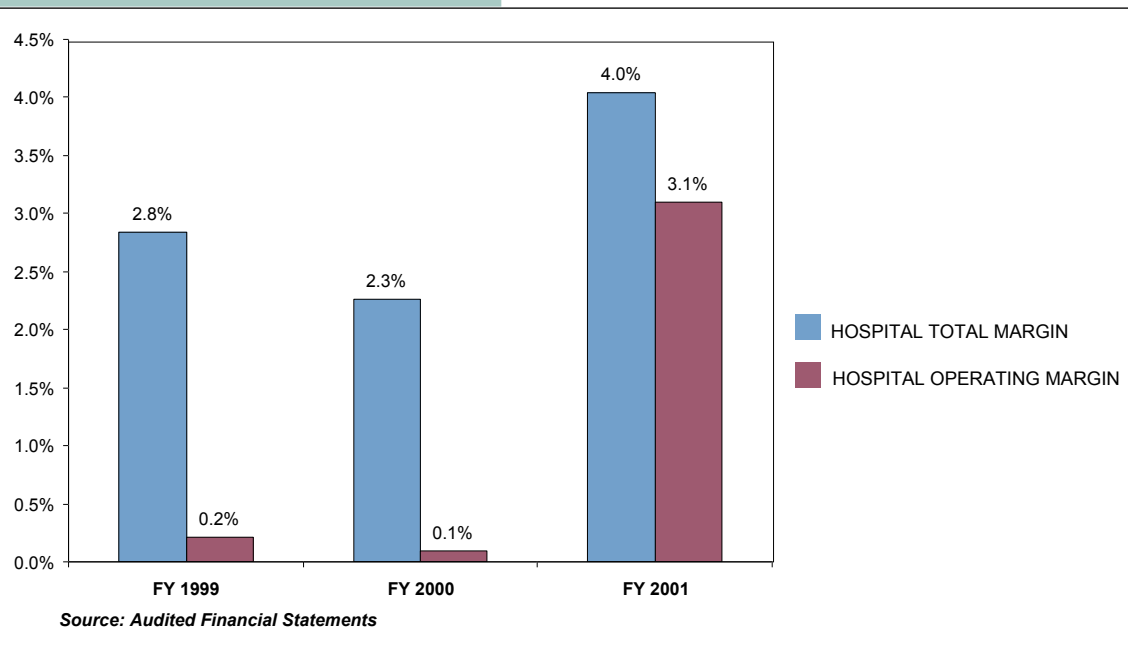
## GRIFFIN HOSPITAL

Griffin Hospital was founded in 1909 as Derby Hospital. In addition to Derby, it primarily serves five other Naugatuck valley towns. In FY 2001, the hospital staffed all of its 175 licensed beds and employed 717 Full Time Equivalents.



For Profit Entity

### HOSPITAL MARGINS



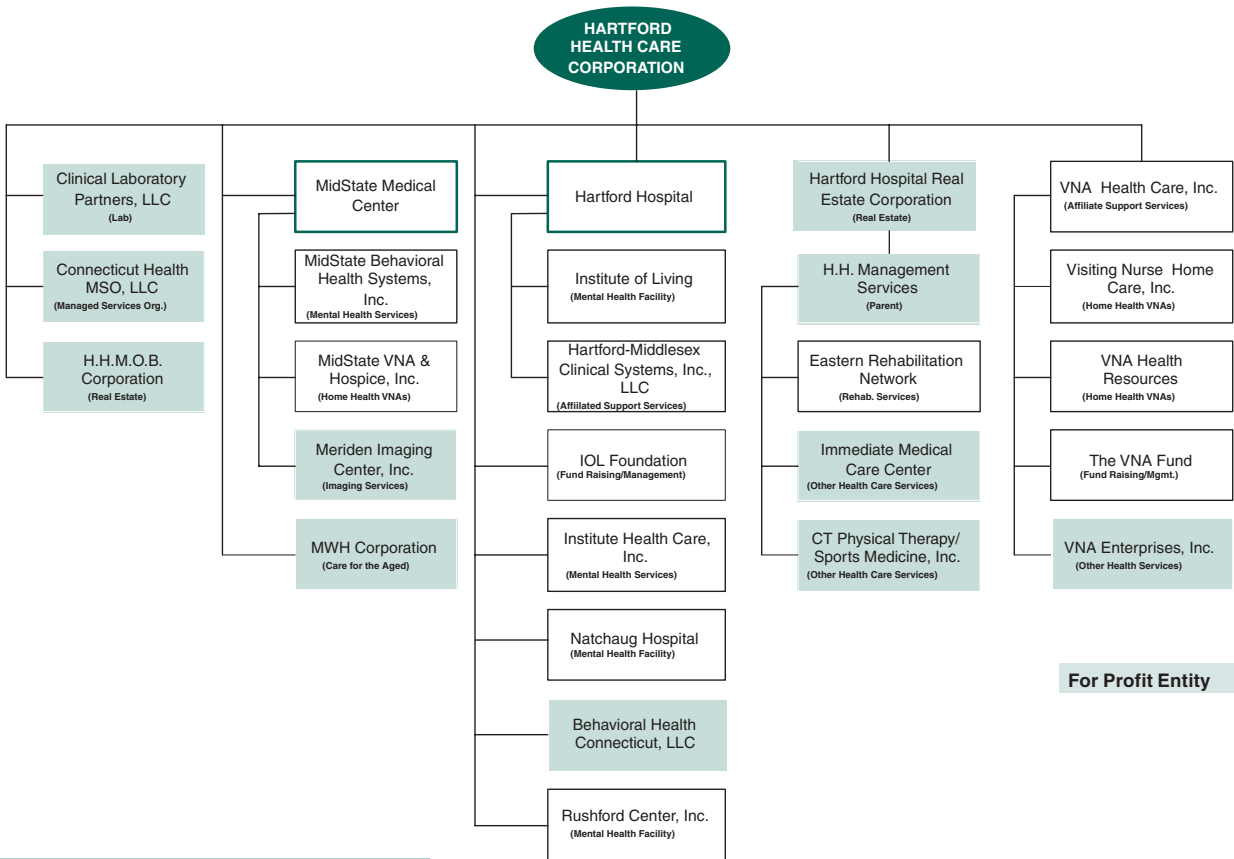
## KEY RESULTS

- Griffin Hospital's reported operating margin was in the top five for FY 2001 and its total margin was in the top ten statewide.
- The hospital's uncompensated care costs decreased 20% from \$2,209,981 in FY 2000 to \$1,769,075 in FY 2001.
- Hospital patient days were up 20% in FY 2001, rising from 26,529 patient days in FY 2000 to 31,863 days in FY 2001.
- Discharges increased 16% in FY 2001, from 6,083 in FY 2000 to 7,067 in FY 2001.
- The average daily census increased 10% in FY 2001 rising from 72 in FY 2000 to 79 in FY 2001.

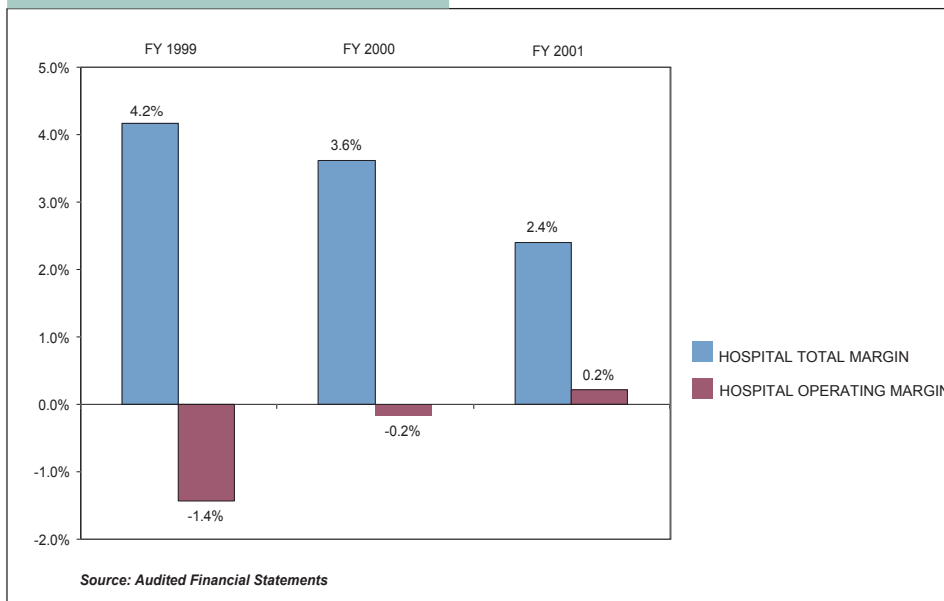
REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$60,595,385	\$62,012,165	\$68,020,894
Ratio of cost to charges	.35	.37	.36
Medicare Payment to Cost	.91	.98	.96
Medicaid Payment to Cost	.70	.77	.69
Private Payment to Cost	1.23	1.08	1.14
Uncompensated Care Cost	\$1,682,453	\$2,209,981	\$1,769,075
Total expenses	\$59,842,229	\$61,271,305	\$66,508,927
Uncompensated care % of total expenses	2.8%	3.6%	2.7%
Average Managed Care Discounts	57%	57%	56%
CAPITAL STRUCTURE RATIO			
Equity financing ratio	21.5%	25.7%	15.0%
LIQUIDITY MEASURES			
Days of expenses in accounts payable	85	73	57
Days cash on hand	15	8	19
Days of revenue in accounts receivable	60	65	57
UTILIZATION MEASURES			
Patient Days	25,172	26,529	31,863
Discharges	5,614	6,083	7,067
ALOS	4.5	4.4	4.5

## HARTFORD HOSPITAL

Hartford Hospital, founded in 1854, is located in Hartford and, in addition to that city, it primarily serves 18 other towns. In FY 2001, the hospital staffed 762 of its 867 licensed beds and employed 4,721 Full Time Equivalents. It is a member of the Hartford Health Care Corporation whose components include the Visiting Nurse Association; a Physician-Hospital Organization (PHO) for managed care contracts; Clinical Laboratory Partners; MidState Medical Center; wellness facilities; and outpatient rehabilitation programs.



## HOSPITAL MARGINS



## KEY RESULTS

- The hospital's FY 2001 total and operating margins were close to statewide averages, but less than the statewide medians.
- Total net patient revenue increased 8%, rising from \$372,677,759 in FY 2000 to \$402,281,946 in FY 2001.
- Hospital days increased 4% from FY 2000's level of 194,000 days to 204,985 days in FY 2001.
- Outpatient visits fell 6% from FY 2000's level of 204,039 to 191,751 in FY 2001.
- FTE's increased by 252, or 6%, from last year's amount of 4,468 to 4,721 in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$348,922,941	\$372,677,759	\$402,281,946
Ratio of cost to charges	.70	.66	.62
Medicare Payment to Cost	1.03	1.05	1.05
Medicaid Payment to Cost	.72	.80	.81
Private Payment to Cost	.98	.97	1.00
Uncompensated Care Cost	\$14,533,080	\$16,751,472	\$16,234,687
Total expenses	\$368,019,252	\$382,009,304	\$409,511,919
Uncompensated care % of total expenses	4.0%	4.4%	4.0%
Average Managed Care Discounts	32%	35%	39%

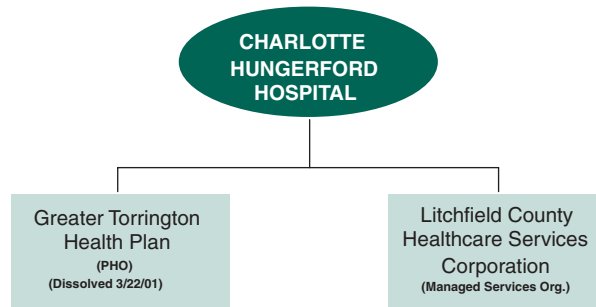
CAPITAL STRUCTURE RATIO			
Equity financing ratio	54.3%	51.7%	50.8%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	42	43	46
Days cash on hand	3	0	4
Days of revenue in accounts receivable	51	52	54

UTILIZATION MEASURES			
Patient Days	187,066	194,000	204,985
Discharges	35,460	35,595	36,632
ALOS	5.3	5.5	5.6

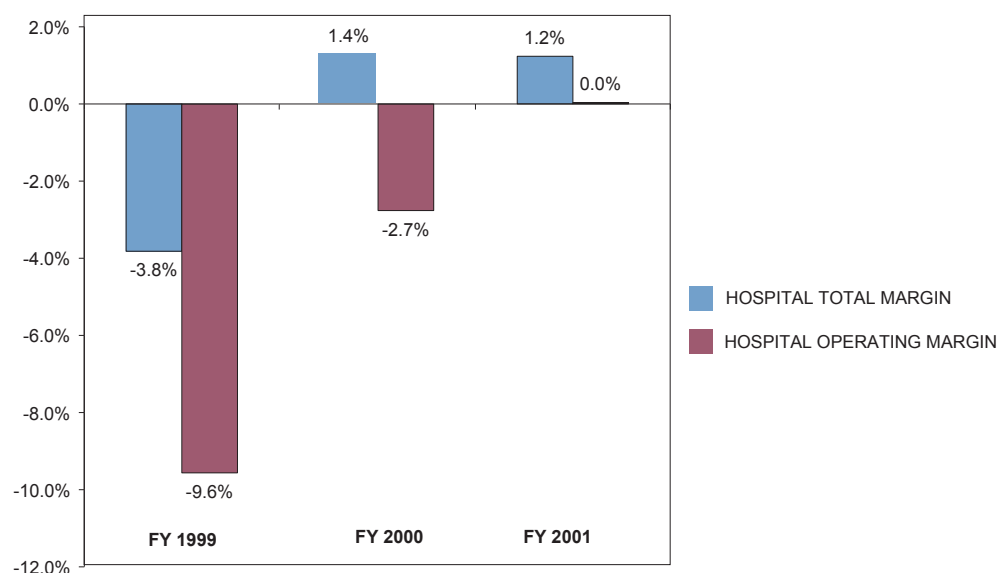
## CHARLOTTE HUNGERFORD HOSPITAL

The Charlotte Hungerford Hospital, founded in 1916, is located in Torrington and, in addition to that town, primarily serves nine other Litchfield County towns. In FY 2001, the hospital staffed 109 of its 122 licensed beds and employed 682 Full Time Equivalents. Charlotte Hungerford is an affiliate of Hartford Health Care Corporation.



For Profit Entity

### HOSPITAL MARGINS





## KEY RESULTS

- The hospital's margins in FY 2001 were below statewide medians.
- The hospital's days of cash on hand improved during FY 2001, increasing from 5 days in FY 2000 to 18 days in FY 2001.
- Days of revenue in accounts receivable improved during FY 2001, decreasing from 61 days in FY 2000 to 40 days in FY 2001.

### REVENUE & EXPENSE RATIOS

	1999	2000	2001
Net patient revenue	\$63,391,091	\$63,099,077	\$63,203,552
Ratio of cost to charges	.66	.64	.64
Medicare Payment to Cost	.92	.91	.94
Medicaid Payment to Cost	.63	.58	.67
Private Payment to Cost	1.09	1.12	1.12
Uncompensated Care Cost	\$1,907,880	\$1,712,097	\$1,189,049
Total expenses	\$67,551,361	\$67,064,950	\$64,973,962
Uncompensated care % of total expenses	2.8%	2.6%	1.8%
Average Managed Care Discounts	28%	27%	28%

### CAPITAL STRUCTURE RATIO

Equity financing ratio	58.8%	57.1%	57.8%
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### LIQUIDITY MEASURES

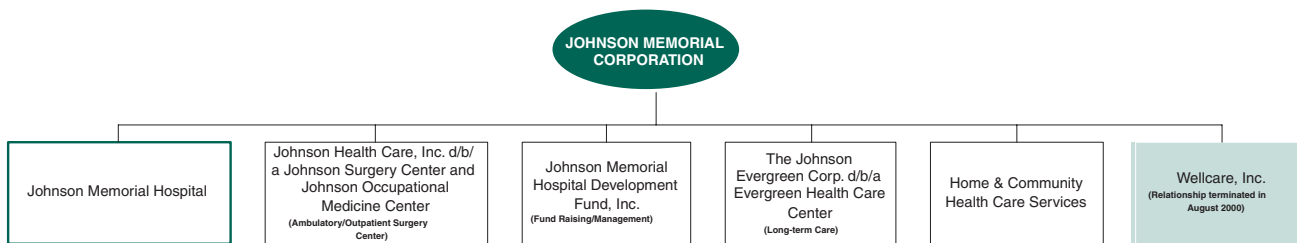
Days of expenses in accounts payable	51	66	60
Days cash on hand	11	5	18
Days of revenue in accounts receivable	56	61	40

### UTILIZATION MEASURES

Patient Days	27,885	27,749	28,682
Discharges	6,196	6,257	6,199
ALOS	4.5	4.4	4.6

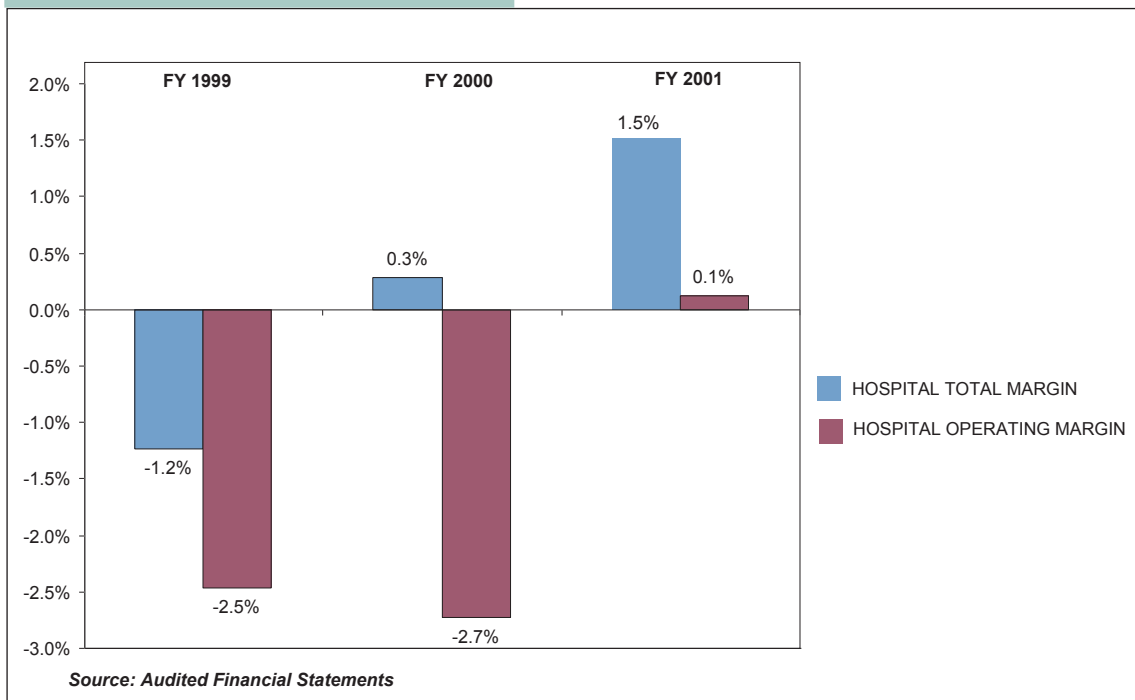
## JOHNSON MEMORIAL HOSPITAL

Johnson Memorial Hospital, founded in 1912, is located in Stafford and, in addition to that town, primarily serves three other towns. In FY 2001, the hospital staffed 59 of its 98 licensed beds and employed 437 Full Time Equivalents.



For Profit Entity

### HOSPITAL MARGINS



## KEY RESULTS

- The hospital experienced its first operating gain in FY 2001 after four straight years of operating deficits.
- The hospital had 9 days cash on hand, well below the state average of 23.
- The hospital's days in accounts payable decreased from 88 days in FY 2000 to 51 days in FY 2001.
- Total uncompensated care costs decreased in FY 2001, but still resulted in a high percentage of total expenses at 5.4%, compared to the statewide average of 3.5%.
- The hospital reduced staffed beds from 98 in FY 2000 to 59 in FY 2001, resulting in an increase in staffed bed occupancy to 79% in FY 2001, up from 44% in FY 2000.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$34,746,301	\$32,461,213	\$37,351,313
Ratio of cost to charges	.47	.45	.46
Medicare Payment to Cost	.95	.95	.93
Medicaid Payment to Cost	1.00	.96	.97
Private Payment to Cost	1.15	1.08	1.13
Uncompensated Care Cost	\$1,710,743	\$2,222,138	\$2,039,024
Total expenses	\$34,590,685	\$33,553,945	\$37,532,715
Uncompensated care % of total expenses	5.0%	6.6%	5.4%
Average Managed Care Discounts	52%	53%	52%

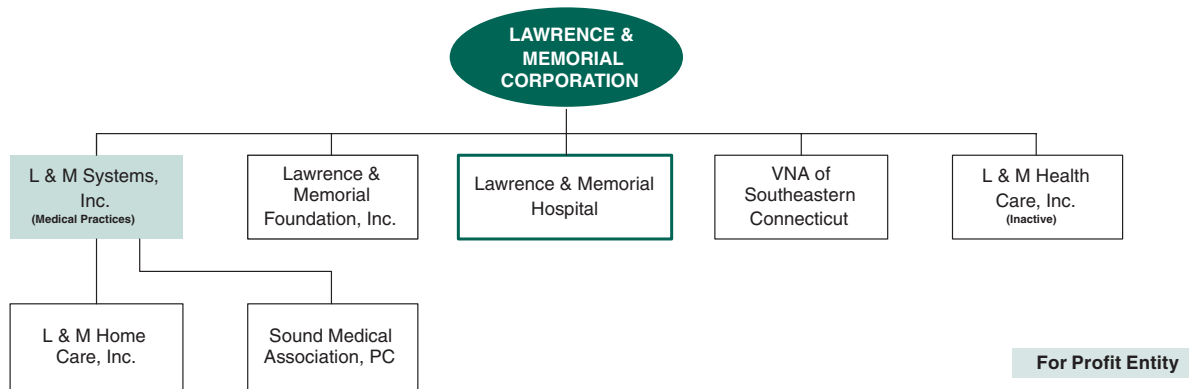
CAPITAL STRUCTURE RATIO			
Equity financing ratio	34.8%	54.7%	57.8%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	105	88	51
Days cash on hand	4	12	9
Days of revenue in accounts receivable	76	69	66

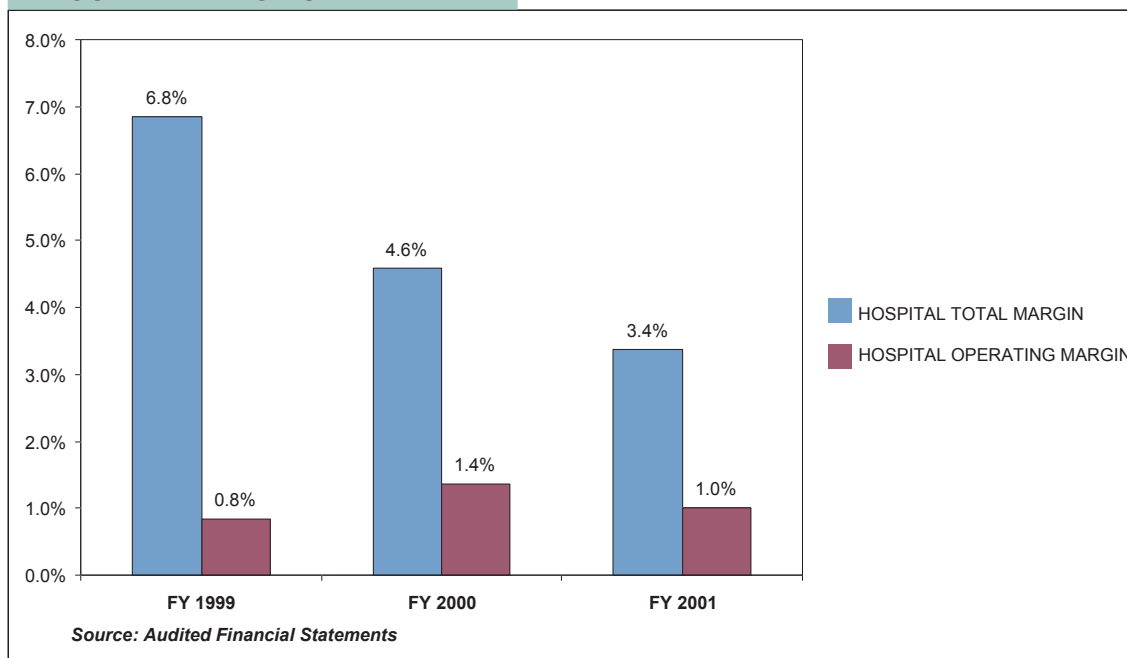
UTILIZATION MEASURES			
Patient Days	15,886	15,803	17,023
Discharges	3,644	3,607	3,686
ALOS	4.4	4.4	4.6

## LAWRENCE AND MEMORIAL HOSPITAL

Lawrence and Memorial Hospital, founded in 1912, is located in New London, and in addition to that town, primarily serves 10 other Connecticut towns as well as western Rhode Island. In FY 2001, the hospital staffed 255 of 308 licensed beds and employed 1,603 Full Time Equivalents. The Lawrence and Memorial Corporation has affiliations with Hospice of Southeastern Connecticut, Harvard's Joslin Diabetes Center, and GAMBRO Healthcare of New London, a renal dialysis center.



### HOSPITAL MARGINS



## KEY RESULTS

- Lawrence & Memorial Hospital's margins were close to statewide medians.
- Days cash on hand was the second highest in the state at 67 days, up from 42 days in FY 2000.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$147,176,867	\$152,053,715	\$151,838,649
Ratio of cost to charges	.53	.52	.53
Medicare Payment to Cost	.89	.87	.77
Medicaid Payment to Cost	.71	.76	.84
Private Payment to Cost	1.39	1.34	1.27
Uncompensated Care Cost	\$6,053,766	\$6,609,051	\$7,160,495
Total expenses	\$140,033,937	\$147,492,628	\$157,467,502
Uncompensated care % of total expenses	4.3%	4.5%	4.6%
Average Managed Care Discounts	18%	23%	24%

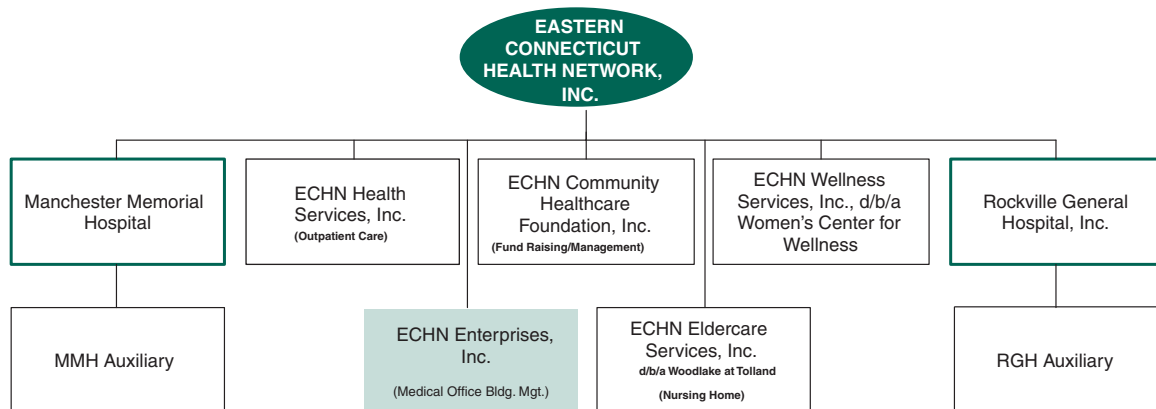
CAPITAL STRUCTURE RATIO			
Equity financing ratio	41.0%	41.9%	40.0%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	59	66	77
Days cash on hand	82	42	67
Days of revenue in accounts receivable	63	57	47

UTILIZATION MEASURES			
Patient Days	69,242	68,474	68,671
Discharges	13,153	14,186	14,823
ALOS	5.3	4.8	4.6

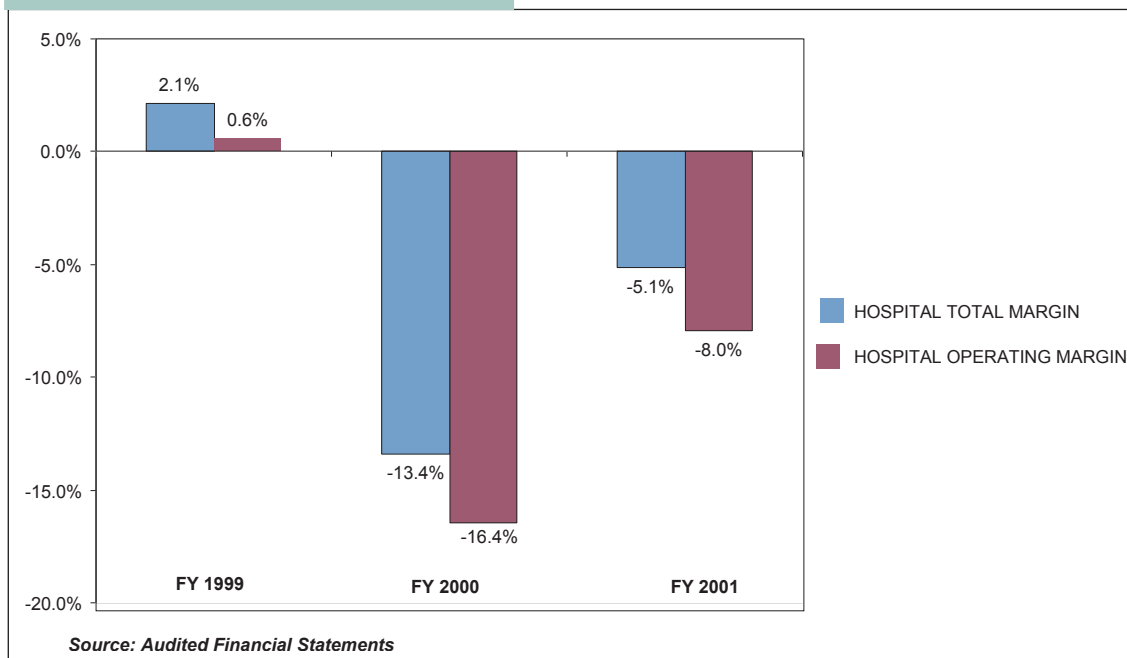
## MANCHESTER MEMORIAL HOSPITAL

Manchester Memorial Hospital (MMH), founded in 1919, is located in Manchester and, in addition to that town, primarily serves four other towns. In FY 2001, the hospital staffed 140 of its 283 licensed beds and employed 1,062 Full Time Equivalents. It is a member of the Eastern Connecticut Health Network, Inc. (ECHN) along with Rockville General Hospital (RGH), with which it was affiliated in 1994.



For Profit Entity

### HOSPITAL MARGINS



## KEY RESULTS

- Manchester Memorial Hospital had the third lowest operating margin in the state at negative 8%; its total margin was among the lowest five.
- Days of cash on hand was 3 days, far below the statewide average of 23 days.
- Payment to cost ratios were all below statewide averages. The private payment to cost ratio and Medicaid payment to cost ratio were both slightly below state averages. The Medicare payment to cost ratio, at .80, was significantly below the state average of .97.
- Occupancy of staffed beds increased to 73% in FY 2001, up from 51% in FY 1999, due to a 30% decrease in staffed beds.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$92,327,247	\$85,756,896	\$93,122,798
Ratio of cost to charges	.49	.48	.50
Medicare Payment to Cost	.82	.81	.80
Medicaid Payment to Cost	.50	.80	.74
Private Payment to Cost	1.27	1.00	1.06
Uncompensated Care Cost	\$2,511,811	\$3,129,729	\$2,458,261
Total expenses	\$94,739,074	\$99,542,543	\$104,224,203
Uncompensated care % of total expenses	2.7%	3.1%	2.4%
Average Managed Care Discounts	38%	51%	47%

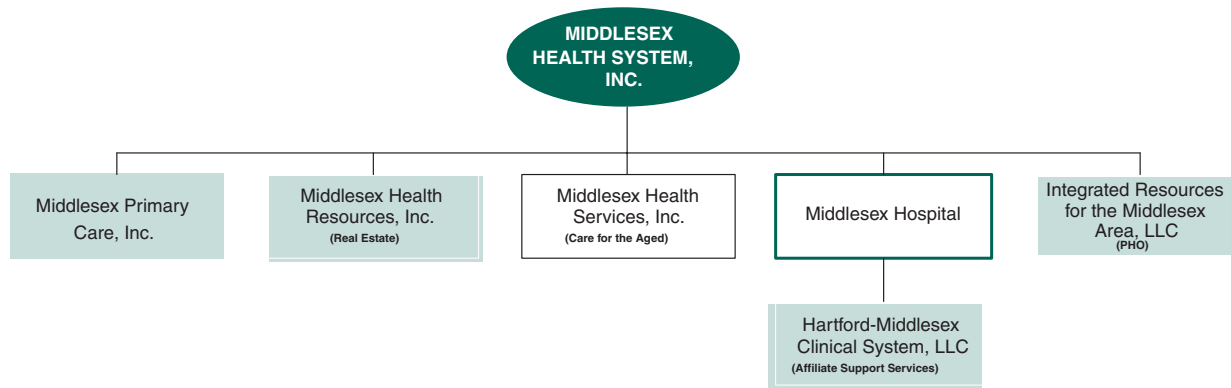
CAPITAL STRUCTURE RATIO			
Equity financing ratio	50.2%	38.1%	37.1%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	100	76	77
Days cash on hand	27	8	3
Days of revenue in accounts receivable	100	55	57

UTILIZATION MEASURES			
Patient Days	37,682	36,663	37,131
Discharges	7,899	7,871	8,184
ALOS	4.8	4.7	4.5

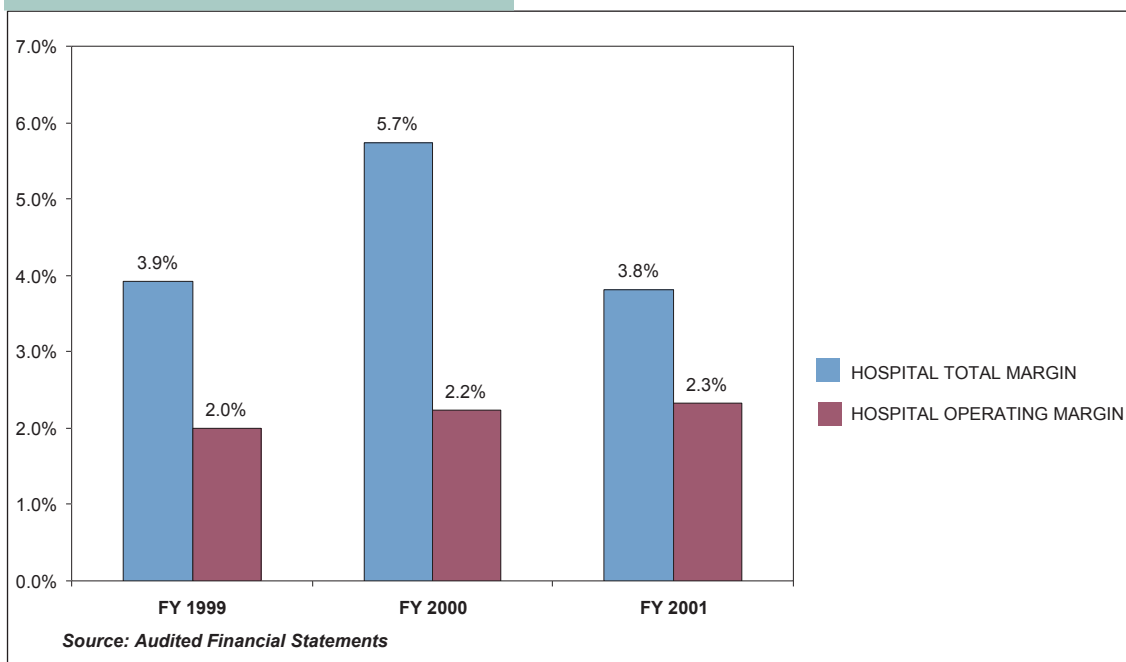
## MIDDLESEX HOSPITAL

Middlesex Hospital, founded in 1904, is located in Middletown, and, in addition to that town, primarily serves 14 towns in Middlesex County. In FY 2001, the hospital staffed 137 of its 297 licensed beds and employed 1,515 Full Time Equivalents. Middlesex Hospital has a clinical services affiliation with Hartford Hospital.



For Profit Entity

## HOSPITAL MARGINS





## KEY RESULTS

- The hospital's total and operating margins were in the top ten statewide for FY 2001.
- Days of revenue in accounts receivable, days of cash on hand, and days of revenue in accounts payable all improved in FY 2001, and all were substantially better than the statewide averages.
- Patient days and outpatient visits both increased by 10% in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$131,577,022	\$141,366,017	\$154,666,310
Ratio of cost to charges	.62	.63	.63
Medicare Payment to Cost	1.01	1.01	.99
Medicaid Payment to Cost	.71	.86	.97
Private Payment to Cost	1.22	1.16	1.12
Uncompensated Care Cost	\$4,299,367	\$4,495,627	\$4,225,487
Total expenses	\$126,664,377	\$137,899,824	\$150,984,815
Uncompensated care % of total expenses	3.4%	3.3%	2.8%
Average Managed Care Discounts	27%	32%	30%

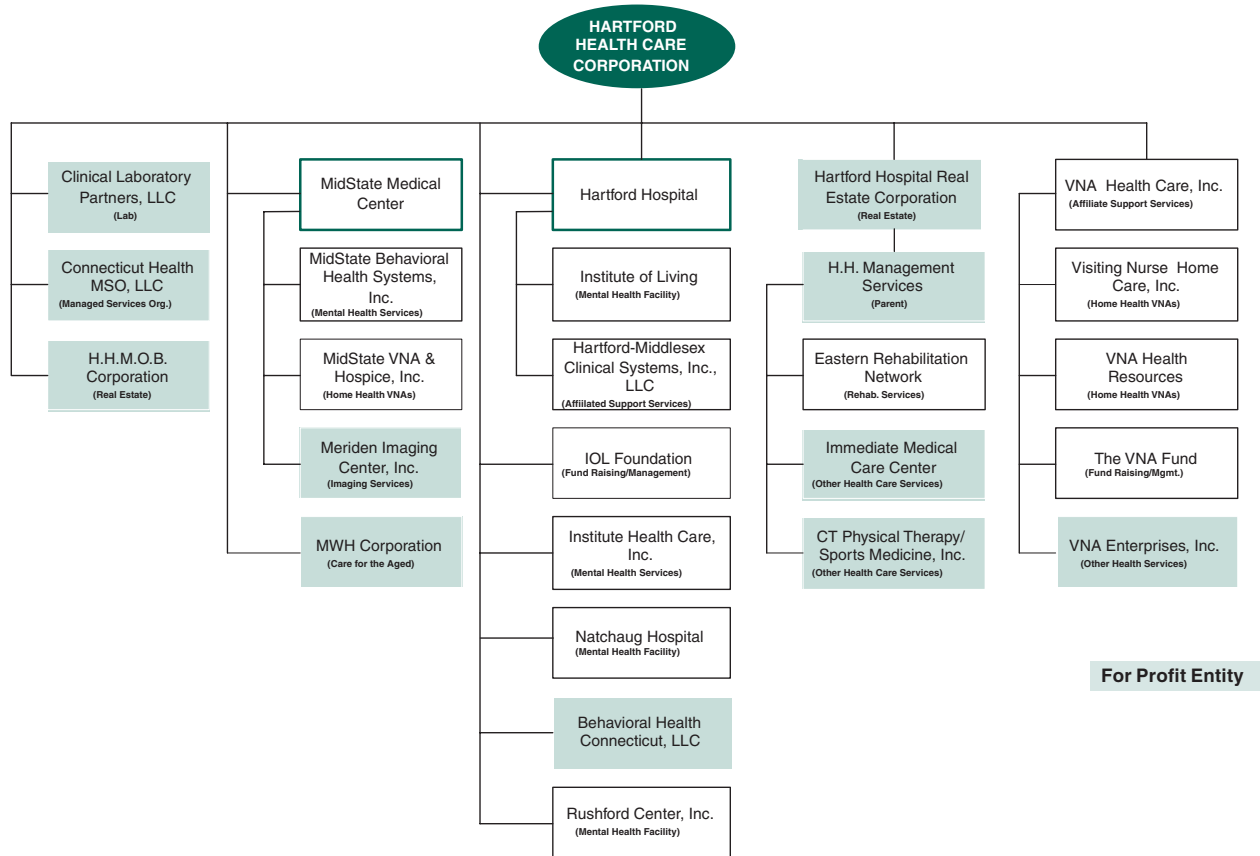
CAPITAL STRUCTURE RATIO			
Equity financing ratio	43.8%	46.9%	42.8%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	64	64	59
Days cash on hand	26	29	33
Days of revenue in accounts receivable	70	68	63

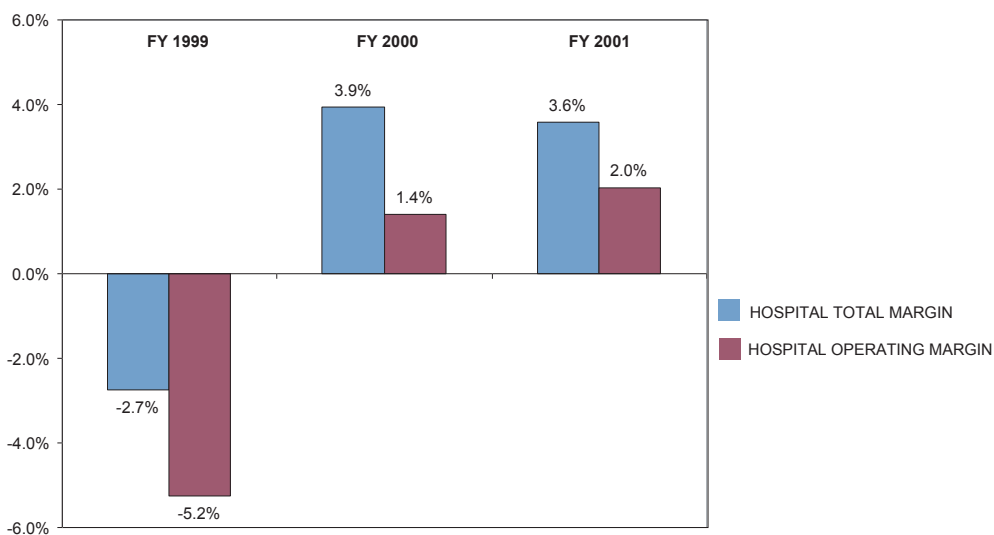
UTILIZATION MEASURES			
Patient Days	38,289	39,871	44,520
Discharges	9,878	10,566	11,315
ALOS	3.9	3.8	3.9

## MIDSTATE MEDICAL CENTER

MidState Medical Center opened in 1998 as the successor to Veterans Memorial Medical Center in a new facility that is located in Meriden, and primarily serves that town and Wallingford. In FY 2001, the hospital staffed all of its 106 licensed beds and employed 726 Full Time Equivalents. MidState is affiliated with Hartford Health Care Corporation and Hartford Hospital.



## HOSPITAL MARGINS



Source: Audited Financial Statements

## KEY RESULTS

- The hospital's total margin was slightly above the median at 3.5% in FY 2001; operating margin was within the top ten statewide.
- The hospital's days of cash on hand improved during FY 2001, increasing from 56 days in FY 2000 to 62 days in FY 2001.
- MidState Medical Center reported a private payment to cost ratio in FY 2001 of 1.42, which is the highest in the state for this category.
- Average occupancy of staffed beds remained relatively consistent at 87% for FY 2001.
- Patient days increased 6% from 33,474 days in FY 2000 to 35,535 days in FY 2001.
- Outpatient visits increased 12% in FY 2001, rising from 68,068 in FY 2000 to 76,207 in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$95,852,743	\$104,065,797	\$104,143,162
Ratio of cost to charges	.66	.57	.54
Medicare Payment to Cost	.86	.86	.86
Medicaid Payment to Cost	.72	.76	.74
Private Payment to Cost	1.25	1.42	1.42
Uncompensated Care Cost	\$3,301,295	\$3,320,948	\$3,642,531
Total expenses	\$97,870,511	\$99,257,754	\$99,497,117
Uncompensated care % of total expenses	3.4%	3.3%	3.7%
Average Managed Care Discounts	20%	22%	24%

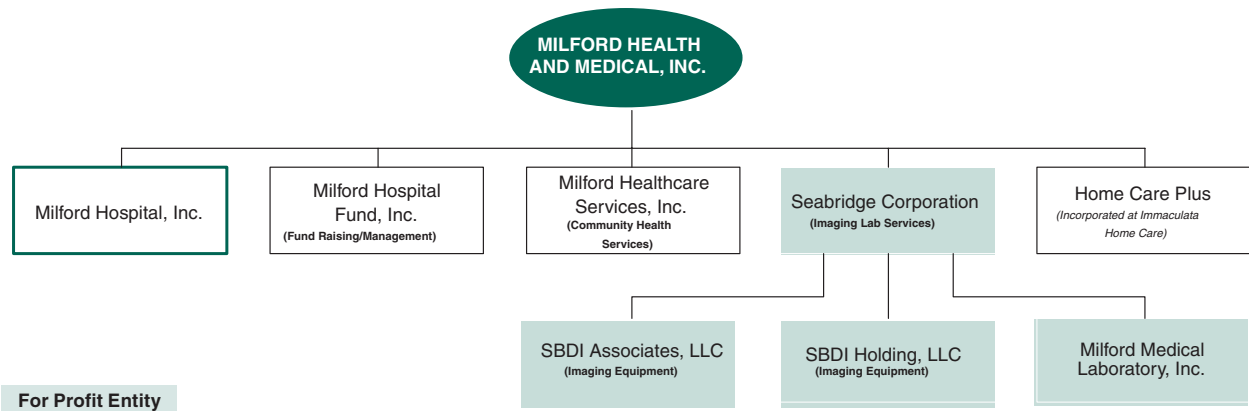
CAPITAL STRUCTURE RATIO			
Equity financing ratio	29.6%	32.5%	36.2%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	44	53	42
Days cash on hand	33	56	62
Days of revenue in accounts receivable	62	59	55

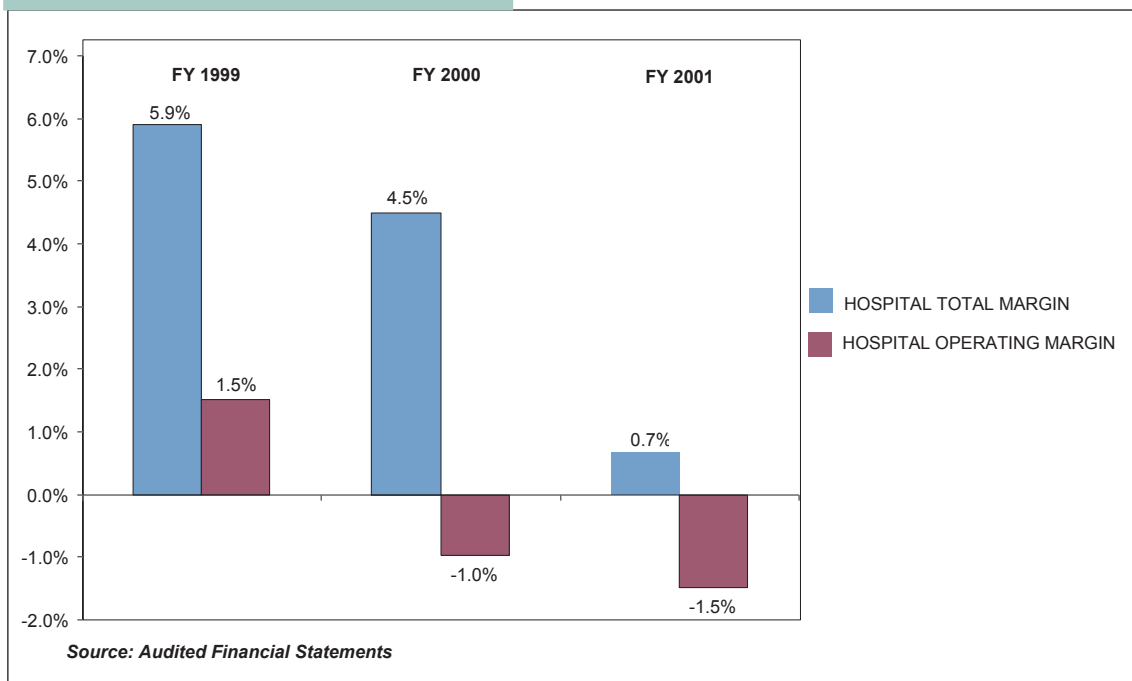
UTILIZATION MEASURES			
Patient Days	31,662	33,474	35,535
Discharges	8,151	8,174	8,417
ALOS	3.9	4.1	4.2

## MILFORD HOSPITAL

Milford Hospital, founded in 1920, is located in Milford and primarily serves that town's residents. In FY 2001, the hospital staffed 60 of its 112 licensed beds and employed 494 Full Time Equivalents.



## HOSPITAL MARGINS



## KEY RESULTS

- The hospital's total and operating margins were well below statewide medians in FY 2001.
- The 38 days of cash on hand in FY 2001 was significantly higher than the statewide average of 23 days. (If short-term investments were included, the days cash would be even higher.)
- Occupancy of staffed beds is 94%, up from 69% in 1999 due to a decrease in staffed beds, which dropped from 73 in FY 1999 to 60 in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$43,934,021	\$45,107,448	\$48,793,697
Ratio of cost to charges	.39	.39	.40
Medicare Payment to Cost	.79	.81	.76
Medicaid Payment to Cost	.60	.82	.74
Private Payment to Cost	1.48	1.34	1.35
Uncompensated Care Cost	\$2,515,263	\$1,090,322	\$1,314,208
Total expenses	\$42,487,688	\$45,170,011	\$49,421,124
Uncompensated care % of total expenses	5.9%	2.4%	2.7%
Average Managed Care Discounts	43%	47%	46%

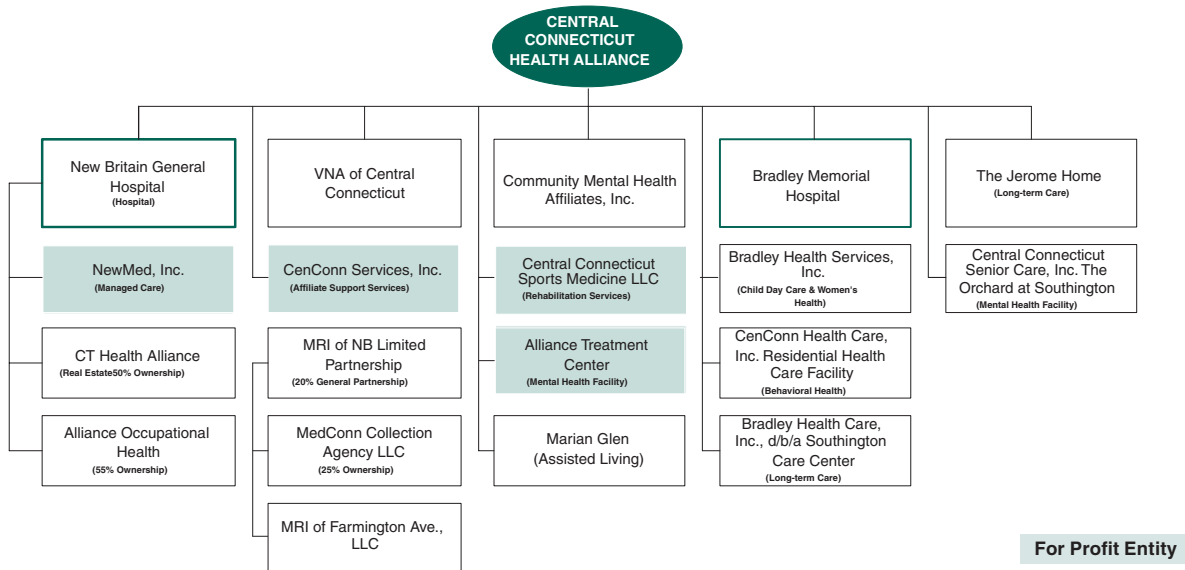
CAPITAL STRUCTURE RATIO			
Equity financing ratio	63.2%	65.3%	64.7%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	140	125	114
Days cash on hand	183	175	38
Days of revenue in accounts receivable	40	54	50

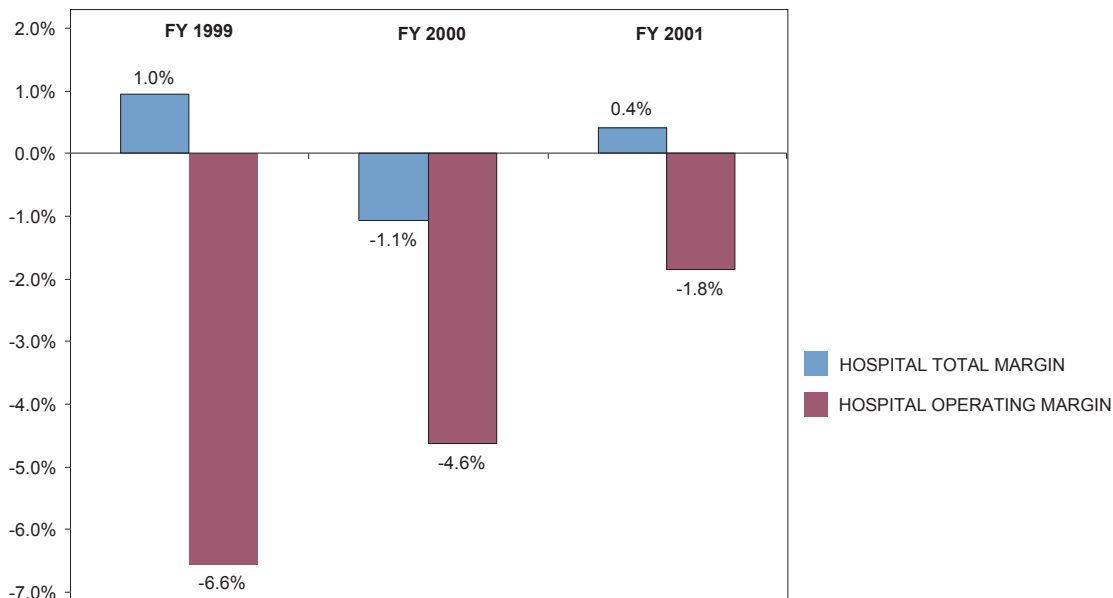
UTILIZATION MEASURES			
Patient Days	18,326	20,539	20,497
Discharges	4,293	4,604	4,582
ALOS	4.3	4.5	4.5

## NEW BRITAIN GENERAL HOSPITAL

New Britain General Hospital, founded in 1893, is located in New Britain, and in addition to that city, primarily serves three other towns. In FY 2001, the hospital staffed 286 of its 362 licensed beds and employed 1,823 Full Time Equivalents. It is a part of the Central Connecticut Health Alliance, which also includes Bradley Memorial Hospital, and home health, behavioral health, rehabilitation, and long-term care entities.



## HOSPITAL MARGINS



## KEY RESULTS

- The hospital's total and operating margins were well below statewide medians in FY 2001.
- The hospital's days of cash on hand decreased from 9 days in FY 2000 to 2 days in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$147,692,652	\$142,008,451	\$156,619,315
Ratio of cost to charges	.67	.66	.64
Medicare Payment to Cost	.92	.94	.93
Medicaid Payment to Cost	.64	.62	.76
Private Payment to Cost	1.12	1.02	1.10
Uncompensated Care Cost	\$3,321,435	\$5,055,359	\$3,941,371
Total expenses	\$157,063,321	\$155,006,282	\$163,500,751
Uncompensated care % of total expenses	2.1%	3.3%	2.4%
Average Managed Care Discounts	24%	29%	28%

CAPITAL STRUCTURE RATIO			
Equity financing ratio	45.1%	44.9%	42.8%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	73	57	59
Days cash on hand	0	9	2
Days of revenue in accounts receivable	60	44	44

UTILIZATION MEASURES			
Patient Days	67,629	63,528	67,015
Discharges	15,658	15,744	16,348
ALOS	4.3	4.0	4.1

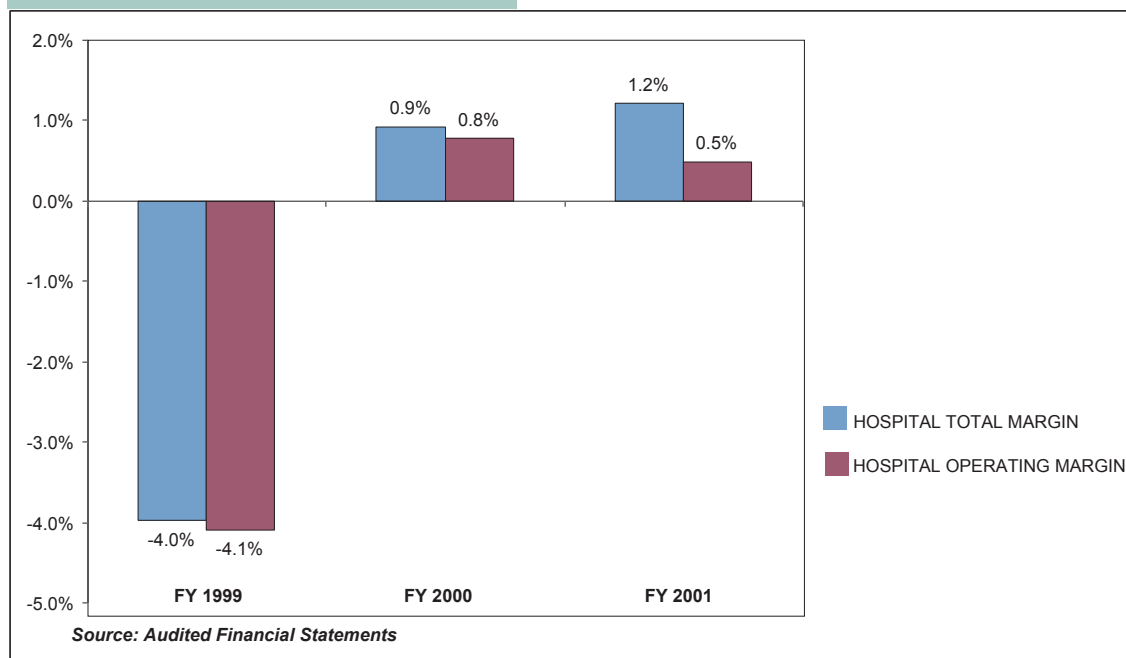
## NEW MILFORD HOSPITAL

New Milford Hospital, founded in 1921, is located in New Milford and, in addition to that town, primarily serves five other Connecticut towns as well as western New York. New Milford Hospital is an affiliate of the New York Presbyterian Network. In FY 2001, the hospital staffed 72 of its 95 licensed beds and employed 402 Full Time Equivalents.



For Profit Entity

### HOSPITAL MARGINS





## KEY RESULTS

- New Milford Hospital reported an operating margin close to the statewide median. Total margin was among the lowest ten in the state.
- The hospital had an equity-financing ratio of 70 percent in FY 2001, which was the second highest in the state.
- Hospital days cash on hand improved during FY 2001, increasing from 9 days in FY 2000 to 26 days in FY 2001.
- Hospital days of revenue in accounts receivable improved during FY 2001, declining from 72 days in FY 2000 to 49 days in FY 2001.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$42,288,882	\$46,417,275	\$47,611,444
Ratio of cost to charges	.45	.44	.45
Medicare Payment to Cost	.93	.87	.83
Medicaid Payment to Cost	.42	.61	.50
Private Payment to Cost	1.21	1.25	1.22
Uncompensated Care Cost	\$1,265,934	\$1,212,638	\$1,229,299
Total expenses	\$42,159,277	\$45,384,490	\$47,648,173
Uncompensated care % of total expenses	3.0%	2.7%	2.6%
Average Managed Care Discounts	44%	47%	43%

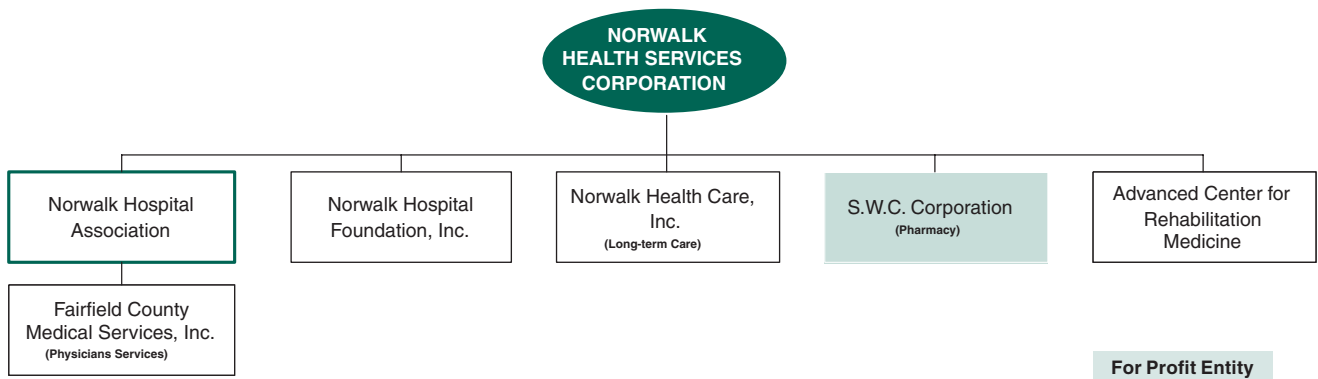
CAPITAL STRUCTURE RATIO			
Equity financing ratio	61.6%	71.2%	69.9%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	110	68	60
Days cash on hand	5	9	26
Days of revenue in accounts receivable	80	72	49

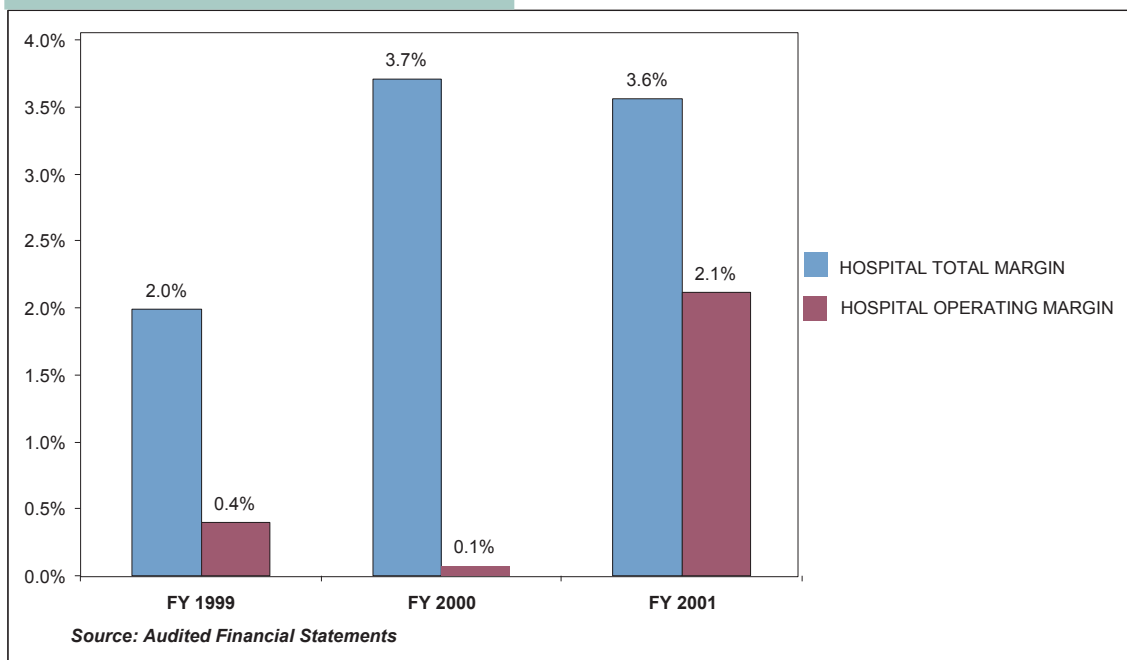
UTILIZATION MEASURES			
Patient Days	13,678	14,362	14,555
Discharges	3,358	3,419	3,299
ALOS	4.1	4.2	4.4

## NORWALK HOSPITAL

Norwalk Hospital, founded in 1893, is located in Norwalk and, in addition to that town, primarily serves four other Fairfield County towns. In FY 2001, the hospital staffed 221 of its 366 licensed beds and employed 1,451 Full Time Equivalents.



### HOSPITAL MARGINS



## KEY RESULTS

- Norwalk Hospital's operating margin was among the top ten highest in the state.
- The hospital's private payment to cost ratio was 1.24, compared with the statewide average of 1.11.
- Although the hospital had a 14% increase in charity care charges, its ratio of uncompensated care costs to total expenses dropped to 3.5% in FY 2001 from 4.7% in FY 2000.
- From FY 1999 to FY 2001, the hospital has maintained an average occupancy of staffed beds of 96%, which is greater than the statewide average of 73% for the same timeframe.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$145,922,218	\$154,963,915	\$167,993,722
Ratio of cost to charges	.63	.61	.60
Medicare Payment to Cost	.88	.92	.91
Medicaid Payment to Cost	.82	.75	.65
Private Payment to Cost	1.18	1.20	1.24
Uncompensated Care Cost	\$6,542,939	\$7,519,514	\$5,923,721
Total expenses	\$152,610,428	\$160,317,802	\$170,190,727
Uncompensated care % of total expenses	4.3%	4.7%	3.5%
Average Managed Care Discounts	24%	22%	27%

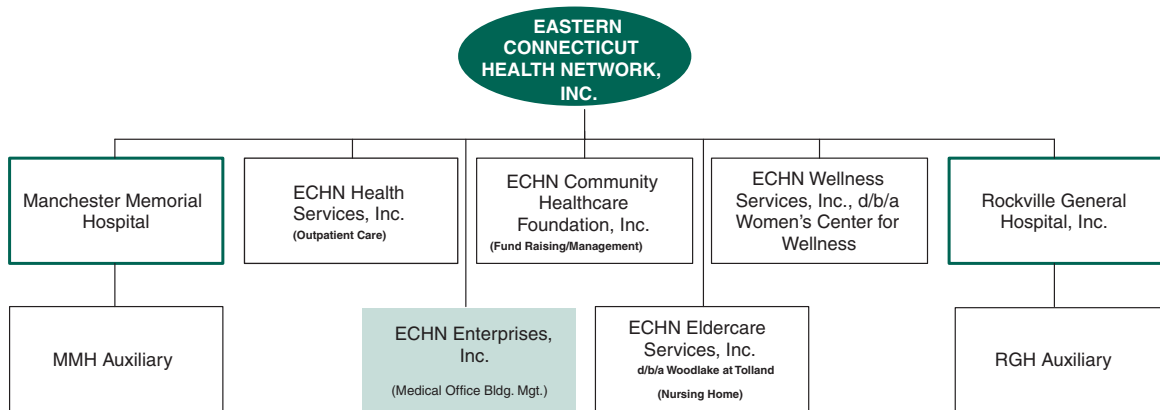
CAPITAL STRUCTURE RATIO			
Equity financing ratio	61.4%	65.1%	54.2%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	98	75	81
Days cash on hand	13	22	20
Days of revenue in accounts receivable	51	43	39

UTILIZATION MEASURES			
Patient Days	73,040	77,350	77,959
Discharges	12,165	14,254	14,571
ALOS	6.0	5.4	5.4

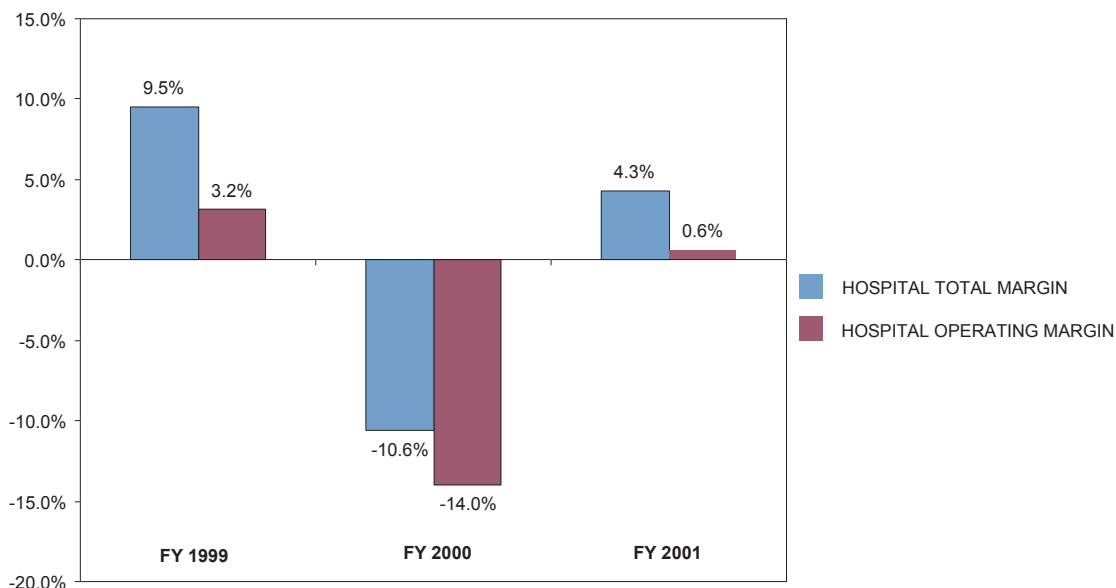
## ROCKVILLE GENERAL HOSPITAL

Rockville General Hospital, founded in 1921, is located in Vernon and, in addition to that town, primarily serves two other towns in Tolland County. In FY 2001, the hospital staffed 68 of its 118 licensed beds and employed 510 Full Time Equivalents. It is a member of the Eastern Connecticut Health Network, Inc. (ECHN) along with Manchester Memorial Hospital.



For Profit Entity

### HOSPITAL MARGINS



Source: Audited Financial Statements

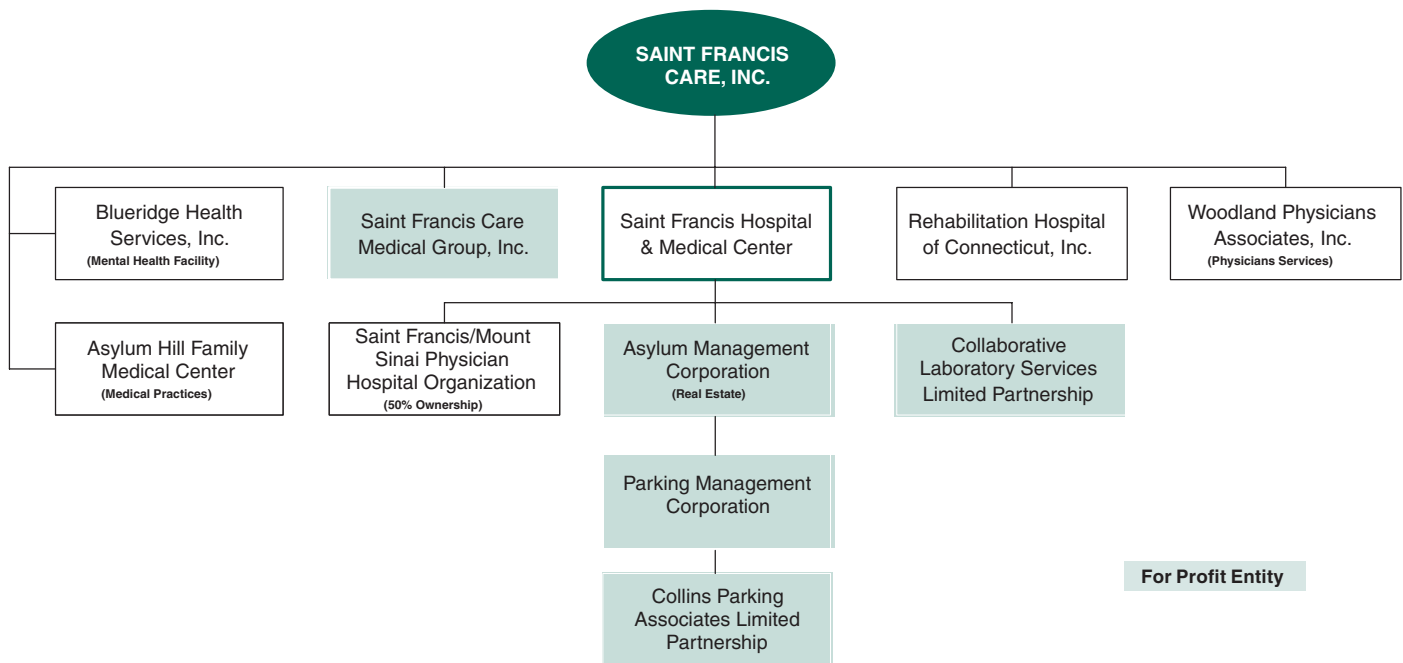
## KEY RESULTS

- Rockville Hospital's total margin in FY 2001 ranked in the top ten; its operating margin was slightly below the statewide median.
- Total net patient revenue increased by 16% while expenses only increased by 6% from FY 2000.
- Days cash on hand has decreased from 79 in FY 1997 to 13 in FY 2001.
- Since 1998, days of expense in accounts payable dropped from 95 to 66, and days of revenue in accounts receivable dropped from 95 to 62.
- The Medicaid payment to cost ratio was significantly higher than the state average at .98 versus .77 for all hospitals. The private payment to cost ratio at 1.22 was higher than the state average of 1.11 for all hospitals. Both amounts increased from FY 2000 levels.
- Occupancy of staffed beds slipped to 69% from the 81% level in FY 2000, while the number of staffed beds increased to 68 from 56 in FY 2000.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$45,738,088	\$43,767,843	\$50,598,637
Ratio of cost to charges	.43	.46	.44
Medicare Payment to Cost	.85	.78	.86
Medicaid Payment to Cost	.85	.98	.98
Private Payment to Cost	1.35	1.13	1.22
Uncompensated Care Cost	\$1,305,492	\$1,279,591	\$964,233
Total expenses	\$43,819,826	\$47,350,951	\$50,347,380
Uncompensated care % of total expenses	3.0%	2.7%	1.9%
Average Managed Care Discounts	39%	47%	46%
CAPITAL STRUCTURE RATIO			
Equity financing ratio	80.3%	70.0%	66.0%
LIQUIDITY MEASURES			
Days of expenses in accounts payable	80	73	66
Days cash on hand	23	21	13
Days of revenue in accounts receivable	99	71	62
OTHER INDICATORS			
Patient Days	17,544	16,637	17,162
Discharges	4,301	4,543	4,786
ALOS	4.1	3.7	3.6

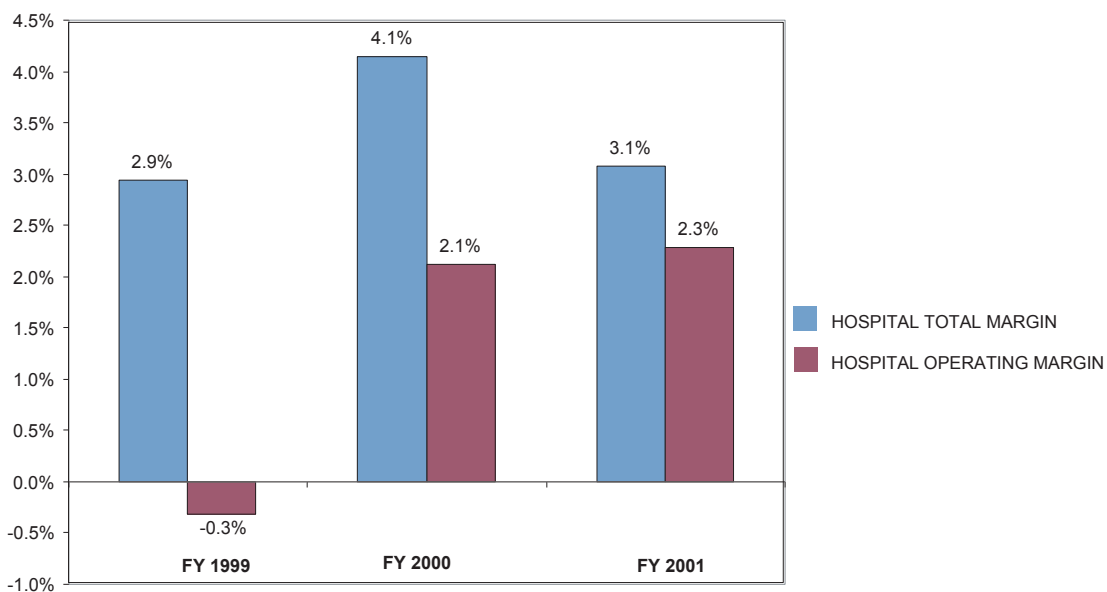
## SAINT FRANCIS HOSPITAL AND MEDICAL CENTER

St. Francis Hospital and Medical Center, founded in 1897, is located in Hartford and, in addition to that city, primarily serves 15 other Hartford County towns. In FY 2001, the hospital staffed 542 of its 682 licensed beds and employed 3,123 Full Time Equivalents. It is the largest Catholic hospital in New England. St. Francis is currently affiliated with Bristol and St. Mary's Hospitals.



For Profit Entity

### HOSPITAL MARGINS



Source: Audited Financial Statements

## KEY RESULTS

- The hospital's operating margin was among the top ten highest, while total margin was slightly below the statewide median.
- Days cash on hand decreased from 32 days in FY 2000 to 26 days in FY 2001.
- The payment to cost ratio for Medicare of 1.14 was far above the statewide average of .97 and the second highest in the state.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$292,509,154	\$308,871,189	\$328,359,509
Ratio of cost to charges	.67	.65	.64
Medicare Payment to Cost	1.05	1.14	1.14
Medicaid Payment to Cost	.75	.80	.78
Private Payment to Cost	1.03	1.03	.99
Uncompensated Care Cost	\$10,175,053	\$9,487,461	\$9,932,156
Total expenses	\$303,349,636	\$304,447,201	\$327,361,566
Uncompensated care % of total expenses	3.4%	3.1%	3.0%
Average Managed Care Discounts	34%	35%	36%

CAPITAL STRUCTURE RATIO	1999	2000	2001
Equity financing ratio	46.0%	45.7%	47.2%

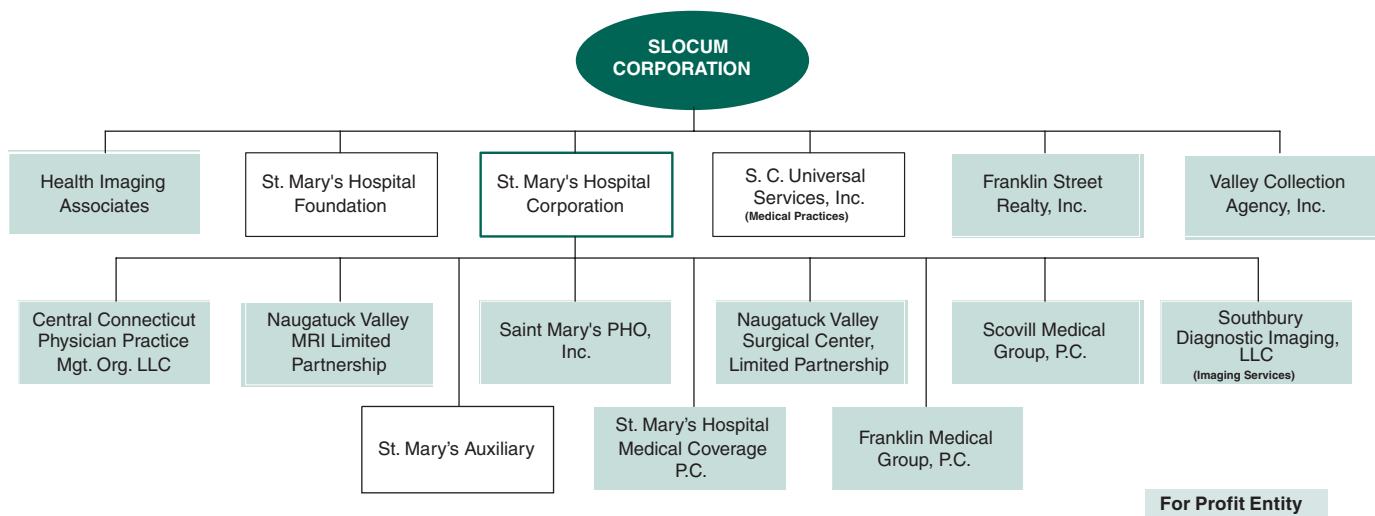
LIQUIDITY MEASURES	1999	2000	2001
Days of expenses in accounts payable	36	42	34
Days cash on hand	10	32	26
Days of revenue in accounts receivable	47	51	52

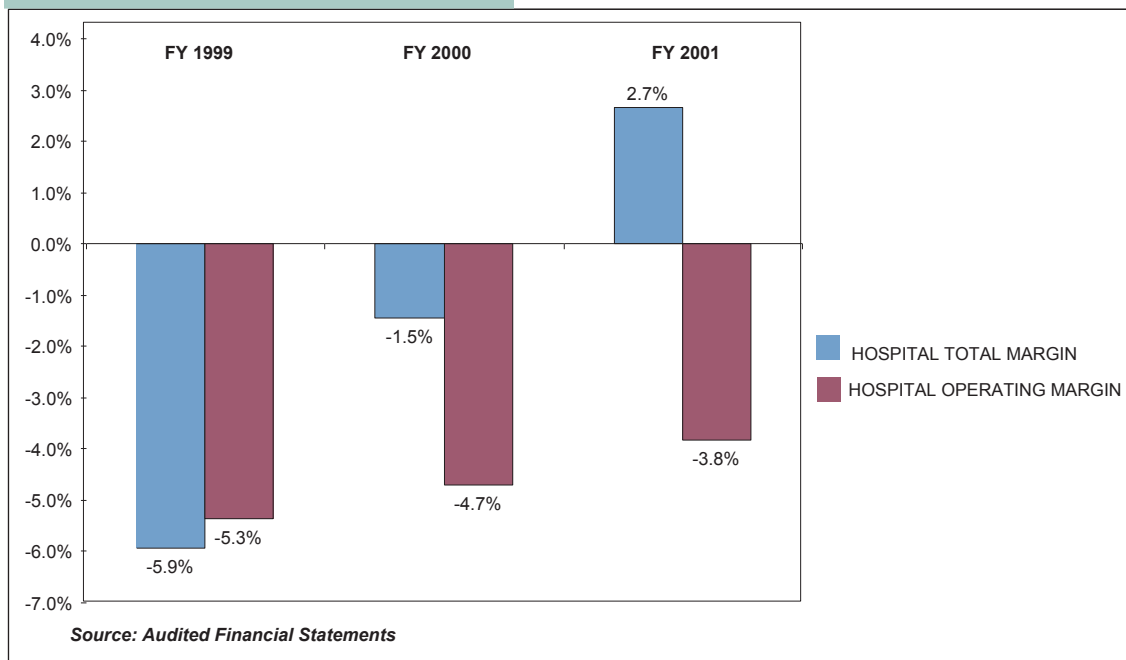
UTILIZATION MEASURES	1999	2000	2001
Patient Days	145,722	145,584	153,208
Discharges	28,239	30,045	31,194
ALOS	5.2	4.9	4.9

## SAINT MARY'S HOSPITAL

Saint Mary's Hospital, founded in 1907, is located in Waterbury and, in addition to that city, primarily serves three other towns. In FY 2001, the hospital staffed 168 of its 379 licensed beds and employed 1,316 Full Time Equivalents. St. Mary's Hospital is affiliated with St. Francis Medical Center in Hartford.



### HOSPITAL MARGINS





## KEY RESULTS

- The hospital's total margin of 2.7% was close to the statewide average. The reported operating margin was among the lowest 10.
- Days cash on hand decreased from 7 days in FY 2000 to 4 days in FY 2001.
- Days of revenue in accounts receivable were 69 days in FY 2001, up 10% from 63 days in FY 2000.
- Emergency room visits increased 13% from FY 2000. However, treated and discharged emergency room visits accounted for most of the increase.
- The hospital sold its ownership in the Quality Inn, netting approximately \$3.6 million of the \$3.75 million in proceeds from the sale.
- Construction started during FY 2001 on the new Harold Leever Cancer Center, a joint venture with the hospital's cross-town competitor, Waterbury Hospital.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$111,437,384	\$108,329,240	\$121,461,959
Ratio of cost to charges	.57	.51	.49
Medicare Payment to Cost	.93	.95	1.06
Medicaid Payment to Cost	.83	.83	.87
Private Payment to Cost	1.02	1.01	.93
Uncompensated Care Cost	\$5,820,021	\$4,789,427	\$5,304,085
Total expenses	\$128,413,068	\$121,492,524	\$129,548,711
Uncompensated care % of total expenses	4.5%	3.9%	4.1%
Average Managed Care Discounts	40%	47%	52%

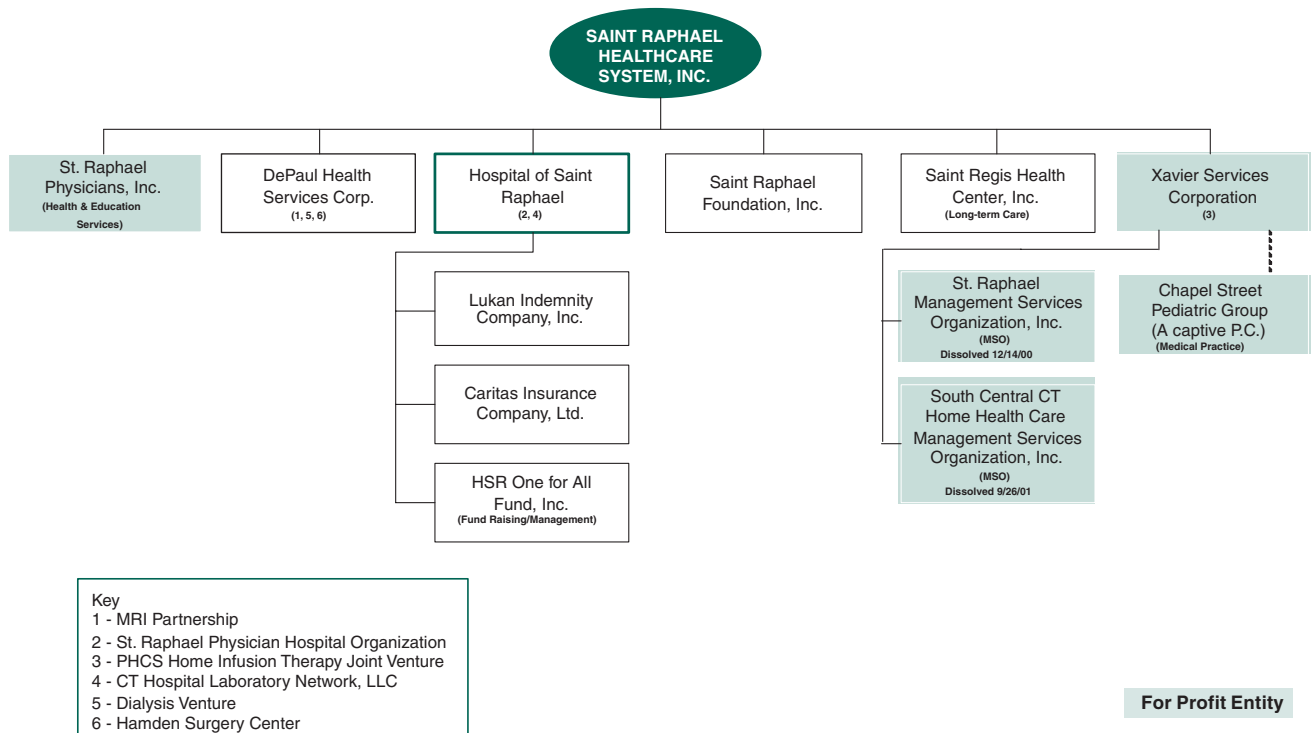
CAPITAL STRUCTURE RATIO			
Equity financing ratio	36.4%	36.3%	32.0%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	73	65	62
Days cash on hand	3	7	4
Days of revenue in accounts receivable	58	63	69

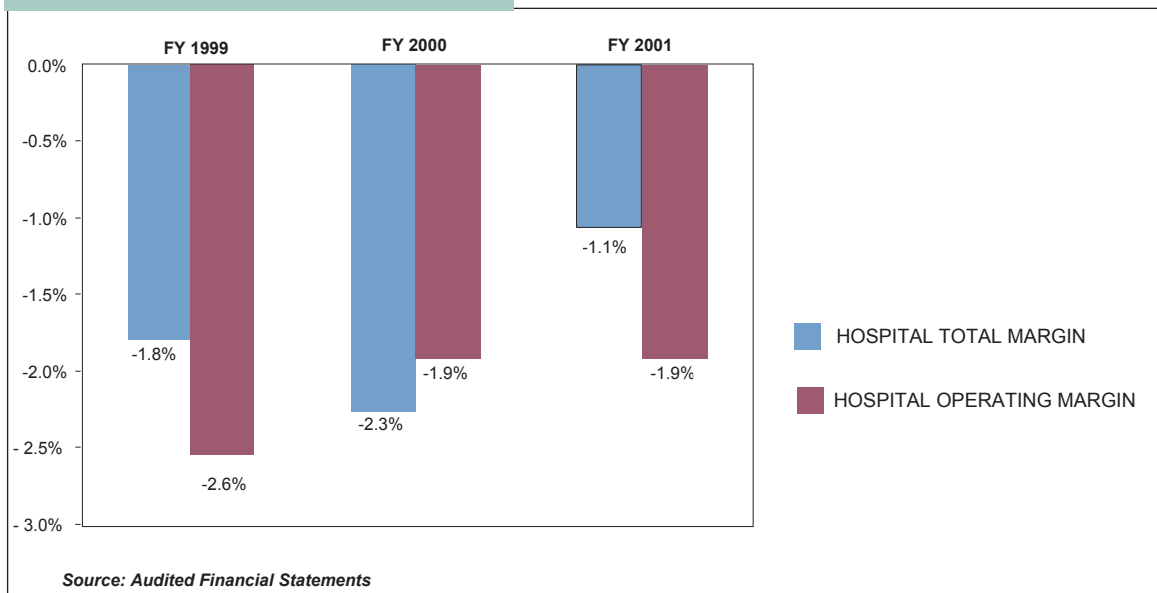
UTILIZATION MEASURES			
Patient Days	46,900	47,664	52,694
Discharges	10,674	11,221	11,779
ALOS	4.4	4.3	4.5

## THE HOSPITAL OF SAINT RAPHAEL

The Hospital of Saint Raphael, founded in 1907, is located in New Haven and, in addition to that city, primarily serves seven New Haven County towns. In FY 2001, the hospital staffed 460 of its 533 licensed beds and employed 2,455 Full Time Equivalents.



### HOSPITAL MARGINS



## KEY RESULTS

- The hospital's operating and total margins in FY 2001 were among the lowest ten in the state.
- The hospital's private payment to cost ratio decreased from 1.23 to 1.10 in FY 2001, approaching the statewide average of 1.11. Part of this decrease was due to an increase in average discounts to managed care organizations from 39% in FY 2000 to 46% in FY 2001.
- The hospital's equity financing ratio decreased for the second year in a row to 16%, well below the statewide average of 45%.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$257,161,610	\$264,605,727	\$267,768,744
Ratio of cost to charges	.55	.51	.49
Medicare Payment to Cost	.93	.95	1.02
Medicaid Payment to Cost	.75	.72	.73
Private Payment to Cost	1.19	1.23	1.10
Uncompensated Care Cost	\$6,719,992	\$4,784,335	\$7,404,378
Total expenses	\$263,832,722	\$263,846,030	\$268,605,410
Uncompensated care % of total expenses	2.6%	1.8%	2.8%
Average Managed Care Discounts	35%	39%	46%

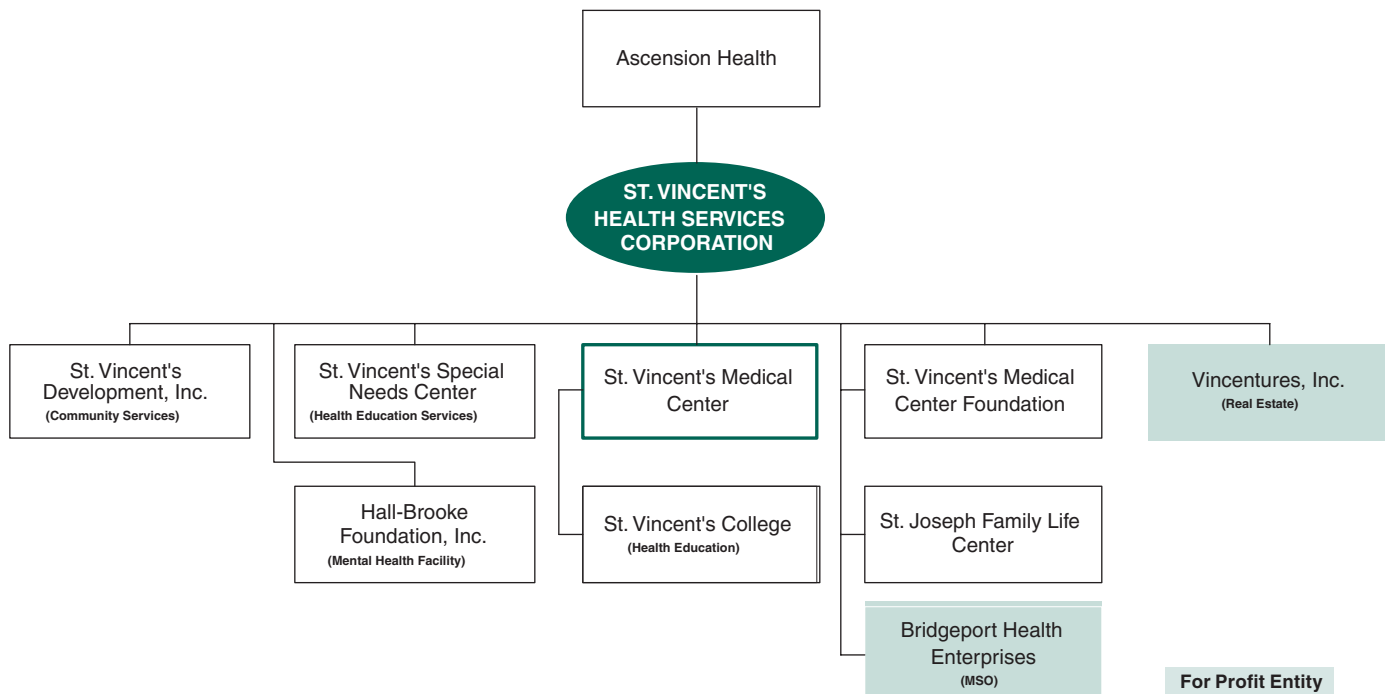
CAPITAL STRUCTURE RATIO			
Equity financing ratio	20.9%	17.1%	15.6%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	85	79	69
Days cash on hand	2	7	12
Days of revenue in accounts receivable	74	69	56

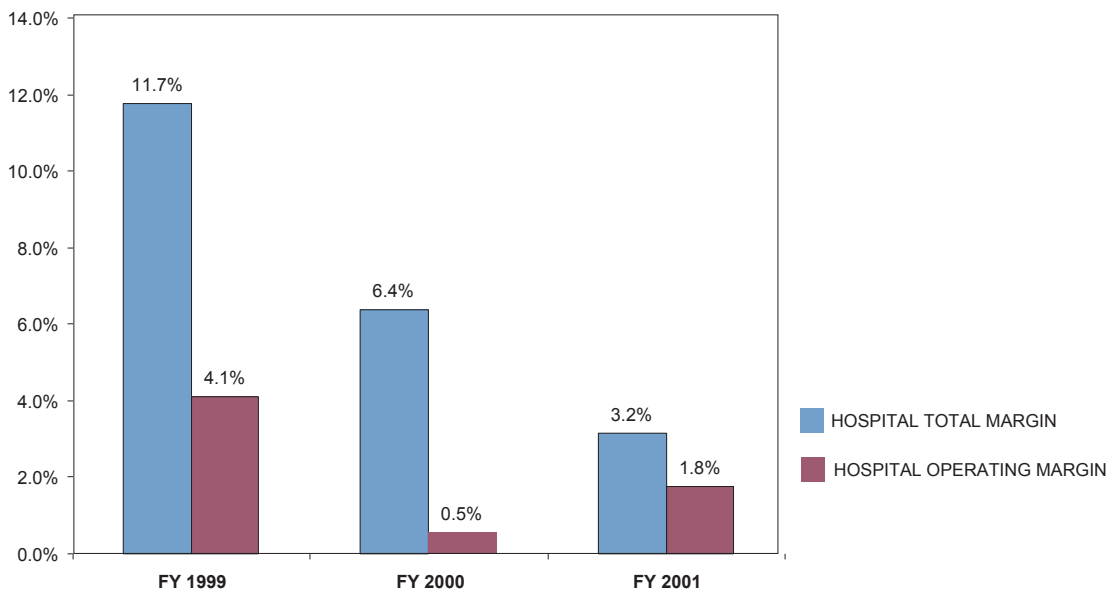
UTILIZATION MEASURES			
Patient Days	128,895	127,340	123,641
Discharges	21,314	23,975	23,443
ALOS	6.1	5.3	5.3

## SAINT VINCENT'S MEDICAL CENTER

Saint Vincent's Medical Center, founded in 1903, is located in Bridgeport and, in addition to that city, primarily serves four other towns in Fairfield County. In FY 2001, the hospital staffed 307 of its 429 licensed beds and employed 1,617 Full Time Equivalents. Saint Vincent's is a member of Ascension Health System, a nationally based Catholic health system with 78 member hospitals.



### HOSPITAL MARGINS



## KEY RESULTS

- The hospital's total margin for FY 2001 was at the statewide median of 3.2%. Operating margin reported was above the median of .62% at 1.8%.
- The reported equity finance ratio of 72% was the highest in the state for FY 2001.
- Days of revenue in accounts payable was one of the lowest in the state at 43 days, which is far below the statewide average of 66 days.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$152,849,056	\$155,822,258	\$172,698,856
Ratio of cost to charges	.53	.56	.56
Medicare Payment to Cost	.99	.99	1.03
Medicaid Payment to Cost	.59	.62	.74
Private Payment to Cost	1.23	1.08	1.15
Uncompensated Care Cost	\$5,759,816	\$9,684,166	\$9,459,677
Total expenses	\$146,426,013	\$162,621,253	\$172,231,662
Uncompensated care % of total expenses	3.9%	6.0%	5.5%
Average Managed Care Discounts	51%	42%	36%

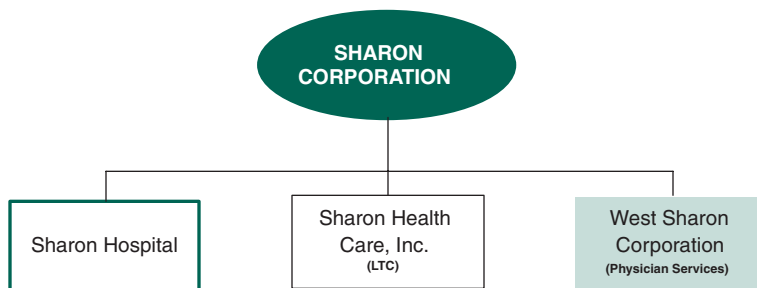
CAPITAL STRUCTURE RATIO			
Equity financing ratio	78.3%	79.2%	72.4%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	49	42	43
Days cash on hand	16	9	22
Days of revenue in accounts receivable	91	86	78

UTILIZATION MEASURES			
Patient Days	88,954	94,599	97,311
Discharges	17,077	17,406	17,868
ALOS	5.2	5.4	5.5

## SHARON HOSPITAL

Sharon Hospital, founded in 1909, is located in Sharon and, in addition to that town, primarily serves six other Litchfield County towns as well as Dutchess County, New York. In FY 2001, the hospital staffed 85 of its 94 licensed beds and employed 276 Full Time Equivalents.



For Profit Entity

### HOSPITAL MARGINS



Source: Audited Financial Statements

## KEY RESULTS

- Sharon Hospital reported the second lowest total margin of all hospitals in FY 2001, and an operating margin in the lowest five.
- All payment to cost ratios were below statewide averages.
- Medicaid net revenue increased 200% in FY 2001 to approximately \$586,000, climbing from just \$196,000 in FY 2000.
- The hospital's equity financing ratio decreased for the fourth straight year to 27%.
- The hospital's days of expenses in accounts payable was 187, approximately three times the statewide average of 66.
- Uncompensated care as a percentage of total expenses was only 2.2%, down from 4.2% in FY 2000.
- In April of 2002, the hospital became the state's first for-profit hospital when it was acquired by Essent Healthcare, Inc., a for-profit company based in Nashville, Tennessee.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$27,979,745	\$28,395,710	\$32,200,621
Ratio of cost to charges	.62	.57	.65
Medicare Payment to Cost	.72	.87	.77
Medicaid Payment to Cost	.81	.36	.68
Private Payment to Cost	1.16	1.08	1.06
Uncompensated Care Cost	\$2,445,213	\$1,371,468	\$814,290
Total expenses	\$33,460,988	\$32,356,126	\$37,266,967
Uncompensated care % of total expenses	7.3%	4.2%	2.2%
Average Managed Care Discounts	17%	34%	32%

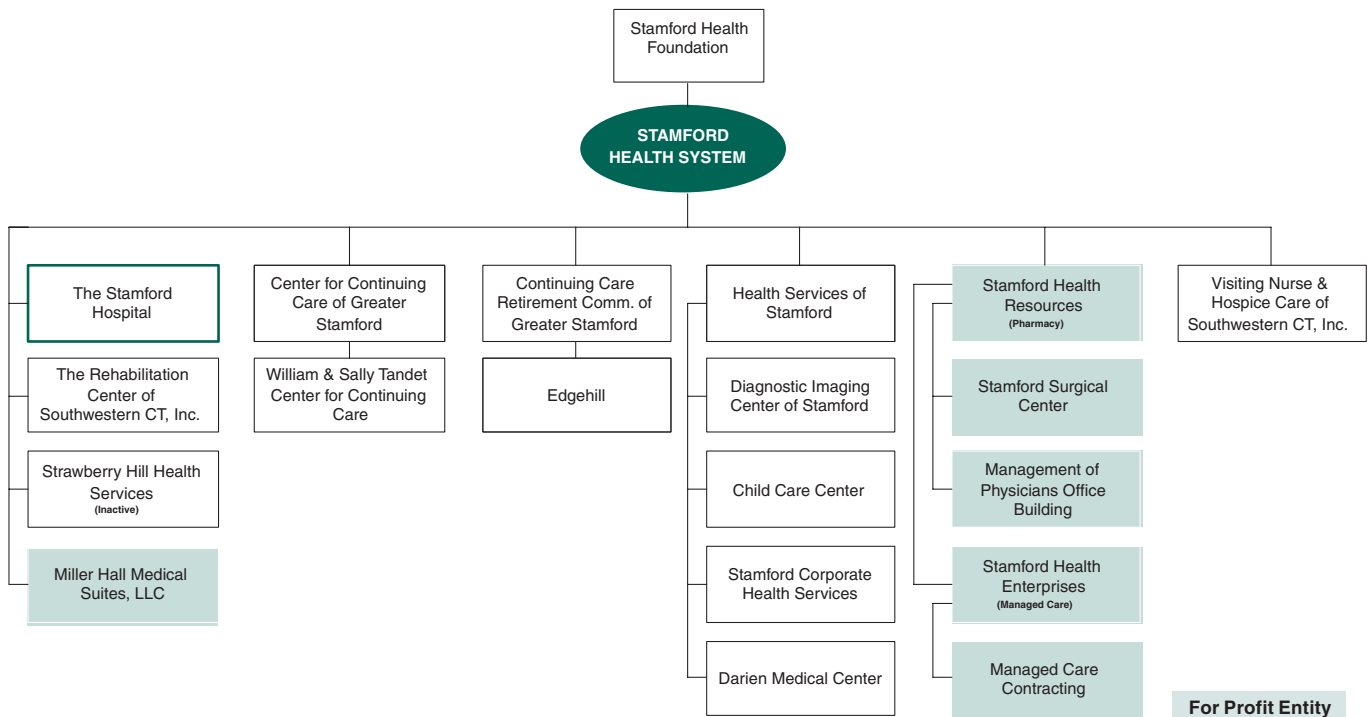
CAPITAL STRUCTURE RATIO	1999	2000	2001
Equity financing ratio	33.0%	30.9%	26.5%

LIQUIDITY MEASURES	1999	2000	2001
Days of expenses in accounts payable	170	194	187
Days cash on hand	13	18	15
Days of revenue in accounts receivable	75	71	54

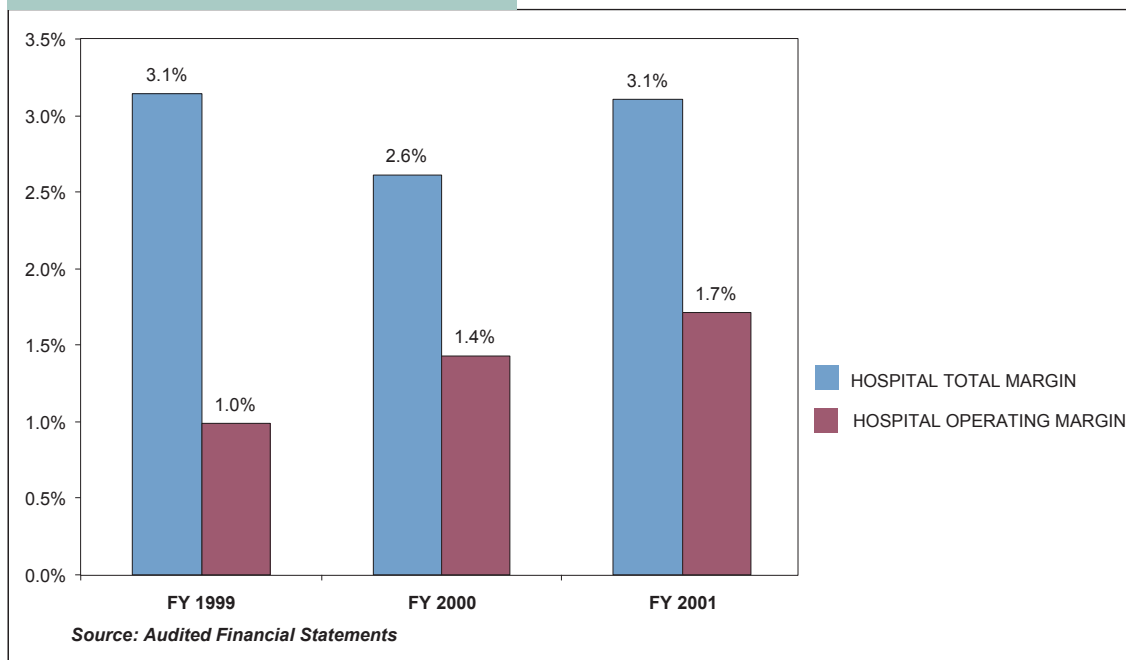
UTILIZATION MEASURES	1999	2000	2001
Patient Days	14,517	13,974	15,362
Discharges	2,746	3,245	3,225
ALOS	5.3	4.3	4.8

## STAMFORD HOSPITAL

The Stamford Hospital, founded in 1896, is located in Stamford and, in addition to that city, primarily serves two other towns in southern Fairfield County. In FY 2001, the hospital staffed 292 of its 330 licensed beds and employed 1,640 Full Time Equivalents. In 1998, The Stamford Health System (the parent organization of Stamford Hospital) acquired Saint Joseph Medical Center, which is being converted into an outpatient facility.



### HOSPITAL MARGINS





## KEY RESULTS

- The hospital's total margin in FY 2001 was close to the statewide median of 3.2%. Reported operating margin was above the median of .62% at 1.7%.
- Days cash on hand fell from .23 days in FY 2000 to 0 days in FY 2001.
- Inpatient utilization fell slightly from FY 2000, while outpatient visits increased 10% overall from FY 2000 levels.
- Capital expenditures on the hospital's reconfiguration project, which includes renovations and relocation of services between the Stamford Hospital and the former St. Joseph Medical Center campuses, amounted to \$90 million as of September 30, 2001. Estimated project costs total \$127 million.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$140,548,389	\$147,898,537	\$165,027,986
Ratio of cost to charges	.58	.57	.55
Medicare Payment to Cost	.93	.87	.96
Medicaid Payment to Cost	.73	.59	.60
Private Payment to Cost	1.15	1.12	1.13
Uncompensated Care Cost	\$11,050,350	\$8,496,854	\$12,995,384
Total expenses	\$146,994,439	\$161,563,527	\$172,319,529
Uncompensated care % of total expenses	7.5%	5.3%	7.5%
Average Managed Care Discounts	30%	40%	32%

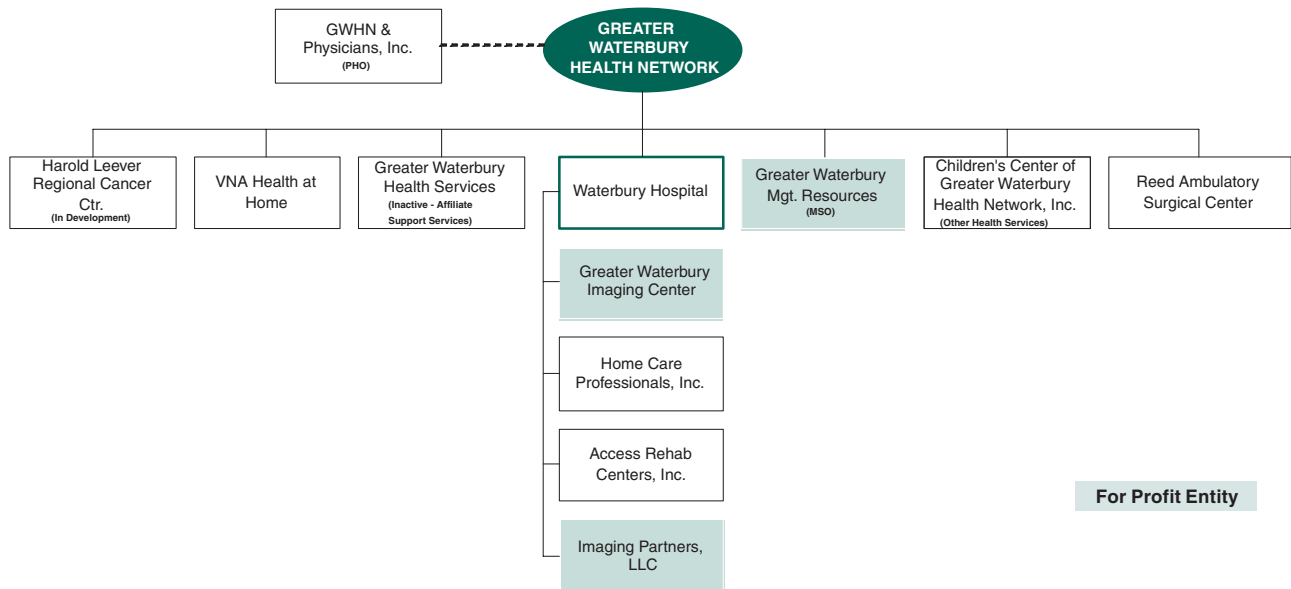
CAPITAL STRUCTURE RATIO			
Equity financing ratio	26.2%	27.6%	28.7%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	88	80	64
Days cash on hand	.23	.23	0
Days of revenue in accounts receivable	76	69	65

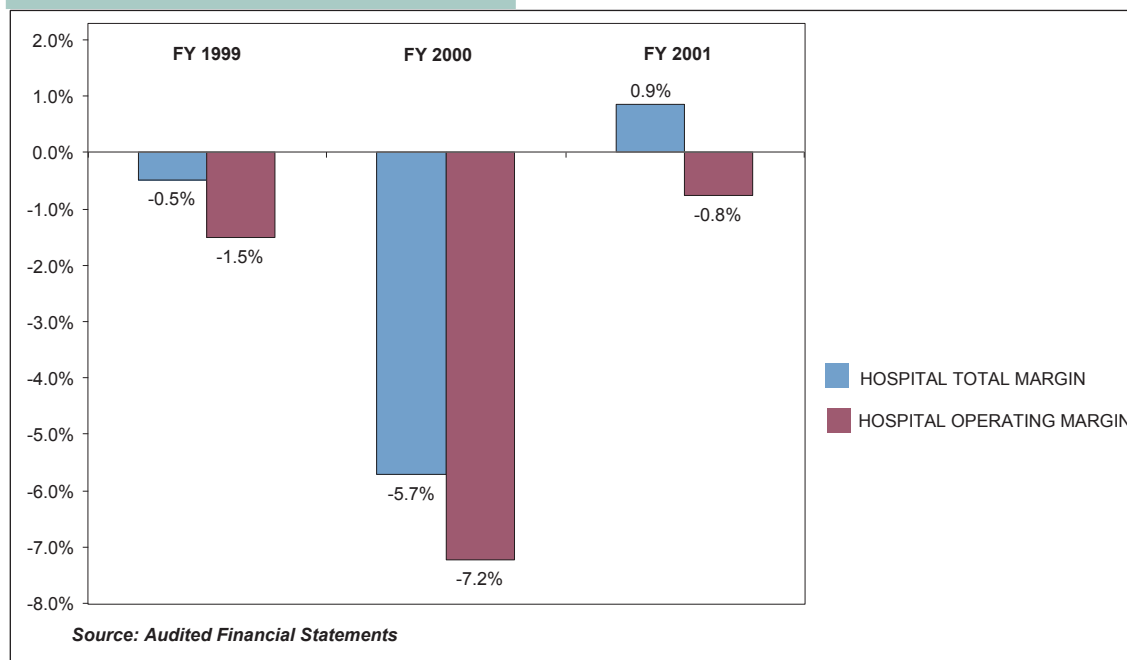
UTILIZATION MEASURES			
Patient Days	77,111	80,273	78,058
Discharges	16,258	16,742	16,985
ALOS	4.7	4.8	4.6

## WATERBURY HOSPITAL

The Waterbury Hospital, opened in 1890, is located in Waterbury and, in addition to that city, primarily serves eight other towns. In FY 2001, the hospital staffed 260 of its 403 licensed beds and employed 1,414 Full Time Equivalents.



### HOSPITAL MARGINS



## KEY RESULTS

- The hospital's total margin in FY 2001 was among the ten lowest in the state. The operating margin was slightly below the statewide average.
- The hospital's days cash on hand improved significantly from 10 days in FY 2000 to 48 days in FY 2001.
- Discharges increased for the second year in a row, from 13,698 in FY 2000 to 14,360 in FY 2001, while hospital expenses remained relatively flat.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$119,585,668	\$119,169,169	\$130,230,888
Ratio of cost to charges	.58	.56	.51
Medicare Payment to Cost	.95	.90	.99
Medicaid Payment to Cost	.69	.79	.70
Private Payment to Cost	.60	.88	1.03
Uncompensated Care Cost	\$5,045,940	\$6,736,989	\$5,205,594
Total expenses	\$132,007,214	\$139,268,949	\$139,602,754
Uncompensated care % of total expenses	3.8%	4.8%	3.7%
Average Managed Care Discounts	40%	42%	43%

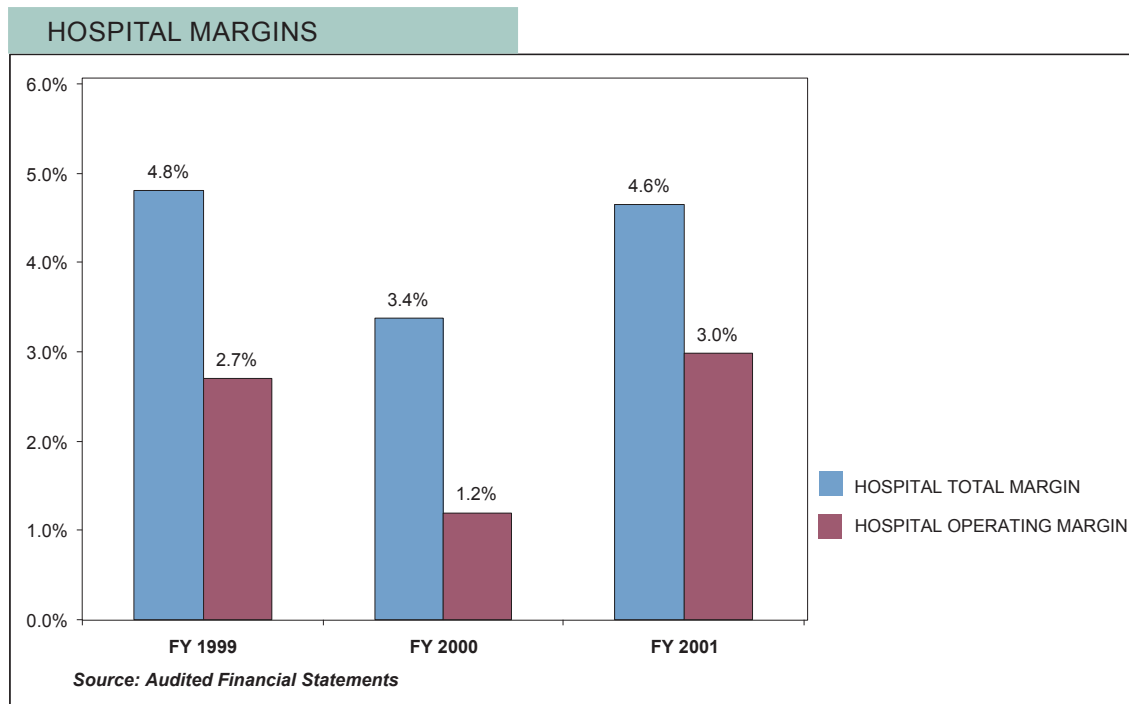
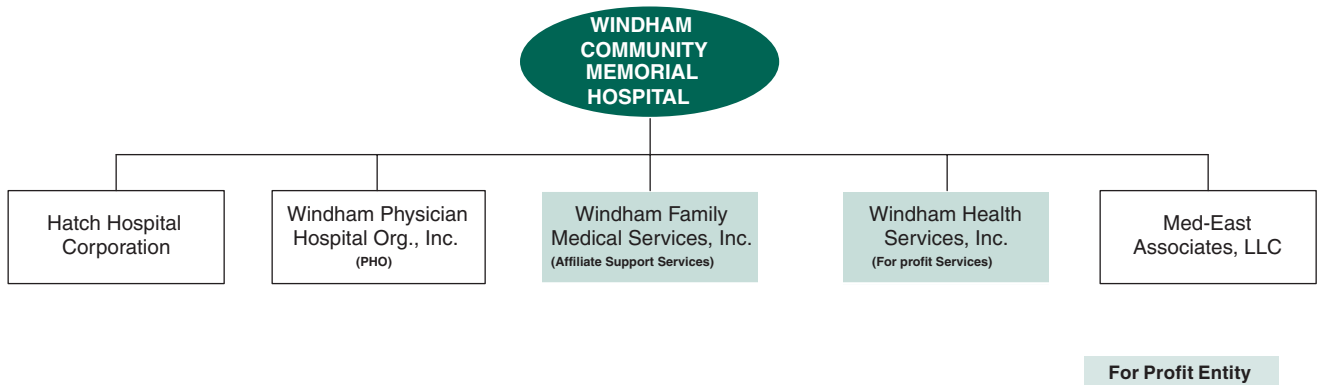
CAPITAL STRUCTURE RATIO			
Equity financing ratio	40.4%	33.4%	36.3%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	49	48	55
Days cash on hand	6	10	48
Days of revenue in accounts receivable	53	54	48

UTILIZATION MEASURES			
Patient Days	58,424	58,421	68,687
Discharges	11,775	13,698	14,360
ALOS	5.0	5.6	4.8

## WINDHAM COMMUNITY MEMORIAL HOSPITAL

Windham Community Memorial Hospital, founded in 1908, is located in Windham and, in addition to that town, primarily serves seven other towns. In FY 2001, the hospital staffed 92 of its 130 licensed beds and employed 538 Full Time Equivalents.



## KEY RESULTS

- The hospital's total and operating margins in FY 2001 were in the top ten statewide.
- The FY 2001 liquidity measures, including days of expenses in accounts payable, days of cash on hand and days of revenue in accounts receivable, were better than statewide averages.
- Uncompensated care costs decreased by 25% in FY 2001, declining from \$2,173,408 in FY 2000 to \$1,634,035 in FY 2001.
- Although lower than the statewide average, the hospital's equity financing ratio has improved to 38% from 28% in FY 1997.
- Outpatient visits rose by 18% in FY 2001, increasing from 32,276 in FY 2000 to 38,013 in FY 2001.

### REVENUE & EXPENSE RATIOS

	1999	2000	2001
Net patient revenue	\$45,620,666	\$51,174,474	\$55,004,048
Ratio of cost to charges	.46	.49	.47
Medicare Payment to Cost	.87	.94	.89
Medicaid Payment to Cost	.51	.57	.95
Private Payment to Cost	1.33	1.34	1.24
Uncompensated Care Cost	\$2,388,816	\$2,173,408	\$1,634,035
Total expenses	\$45,859,024	\$49,430,743	\$53,184,666
Uncompensated care % of total expenses	5.2%	4.4%	3.1%
Average Managed Care Discounts	42%	33%	42%

### CAPITAL STRUCTURE RATIO

Equity financing ratio	33.0%	35.2%	37.9%
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### LIQUIDITY MEASURES

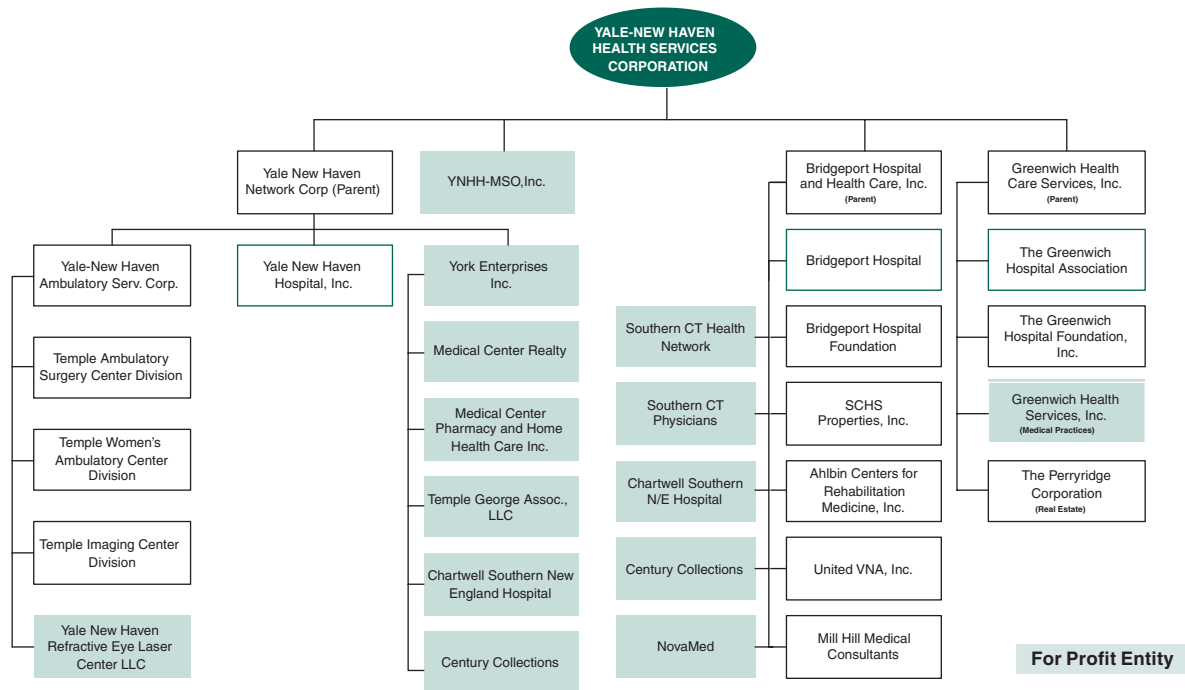
Days of expenses in accounts payable	76	62	61
Days cash on hand	77	68	53
Days of revenue in accounts receivable	61	61	75

### UTILIZATION MEASURES

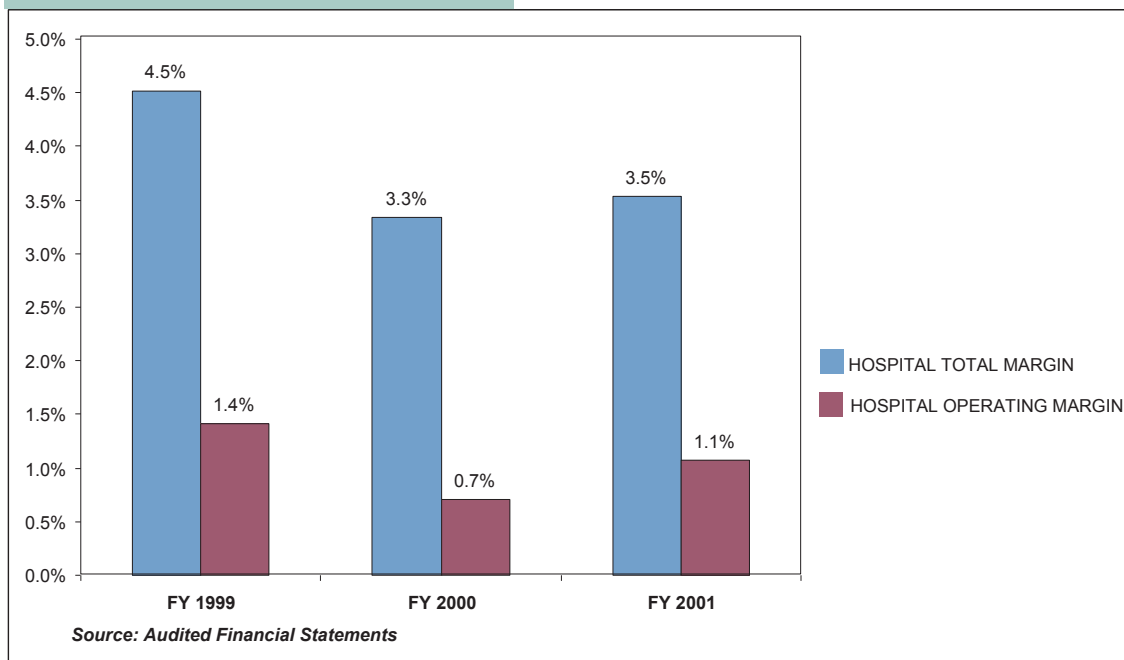
Patient Days	19,472	19,082	19,490
Discharges	4,699	4,923	5,122
ALOS	4.1	3.9	3.8

## YALE-NEW HAVEN HOSPITAL

Yale-New Haven Hospital was founded in 1826. It is located in New Haven and, in addition to that city, primarily serves 15 other towns in Greater New Haven. In FY 2001, the hospital staffed 827 of its 944 licensed beds and employed 4,869 Full Time Equivalents. Yale-New Haven Hospital is a member of the Yale-New Haven Health System along with Greenwich and Bridgeport Hospitals.



## HOSPITAL MARGINS



## KEY RESULTS

- Both total and operating margins were slightly above the statewide median in FY 2001.
- Since FY 1997, the equity-financing ratio improved from 29% in FY 1997 to 41% in FY 2001.
- Patient days increased by 11% in FY 2001 while discharges increased by 3%.
- In FY 2000, the hospital acquired Yale Psychiatric Institute, staffing 12 of the 44 additional psychiatric licensed beds. The FY 2000 occupancy rate for psychiatric staffed beds was 69%. In FY 2001 the hospital staffed the remaining 32 psychiatric licensed beds and increased the department's occupancy rate to 81%.
- Since FY 1996, outpatient visits have increased by 30%.

REVENUE & EXPENSE RATIOS	1999	2000	2001
Net patient revenue	\$443,455,464	\$473,709,950	\$509,014,733
Ratio of cost to charges	.58	.56	.53
Medicare Payment to Cost	.99	1.06	1.00
Medicaid Payment to Cost	.55	.70	.74
Private Payment to Cost	1.21	1.11	1.08
Uncompensated Care Cost	\$13,286,622	\$16,663,306	\$17,599,252
Total expenses	\$449,561,668	\$476,979,579	\$524,848,000
Uncompensated care % of total expenses	3.0%	3.5%	3.4%
Average Managed Care Discounts	30%	35%	38%

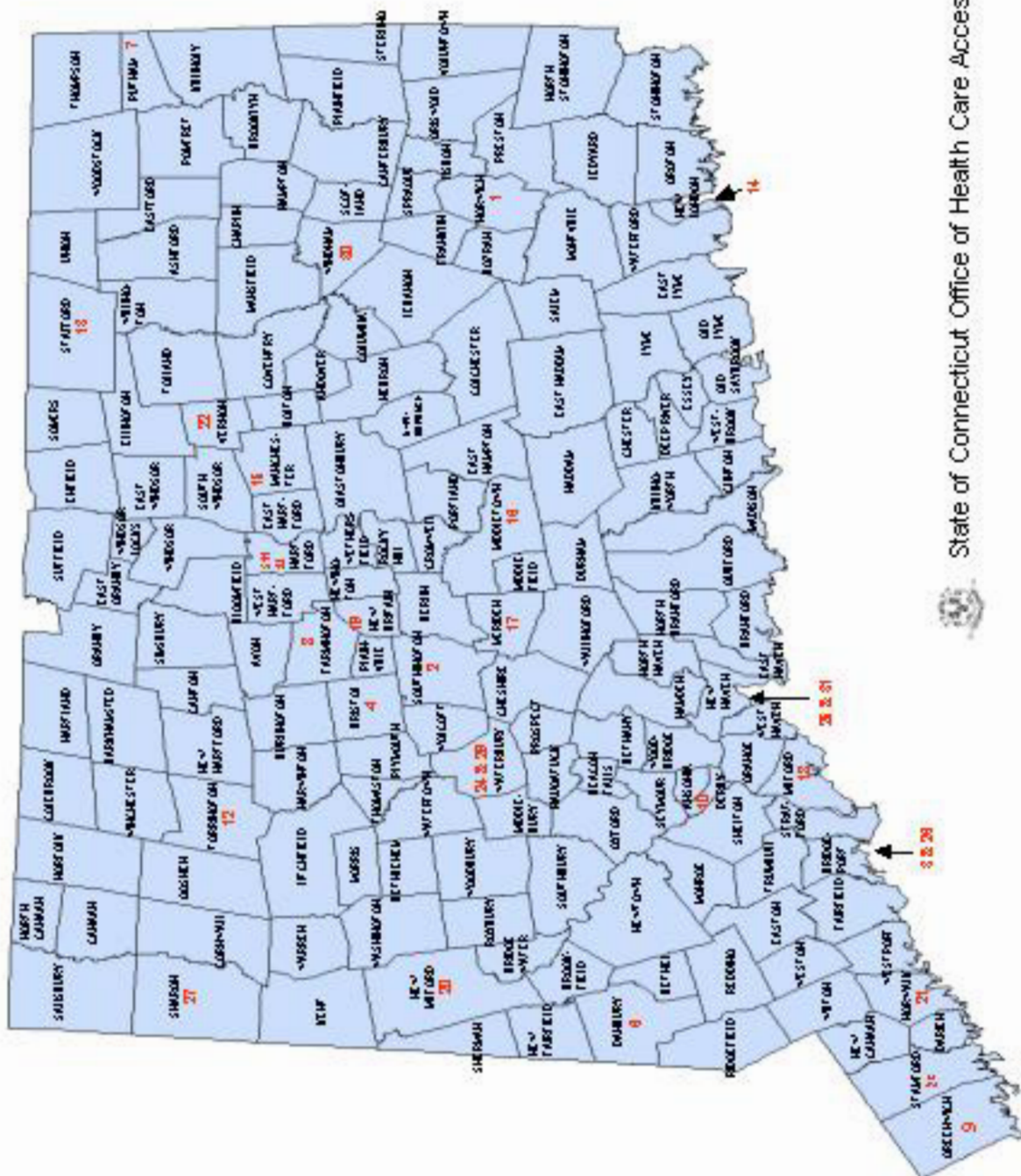
CAPITAL STRUCTURE RATIO			
Equity financing ratio	29.2%	38.7%	40.6%

LIQUIDITY MEASURES			
Days of expenses in accounts payable	106	96	95
Days cash on hand	14	11	11
Days of revenue in accounts receivable	59	67	62

UTILIZATION MEASURES			
Patient Days	208,334	215,180	238,187
Discharges	40,289	40,066	41,401
ALOS	5.2	5.4	5.8

## APPENDIX A: CT TOWNS, ACUTE CARE HOSPITALS AND MEDICAL CENTERS

- Connecticut Acute Care Hospitals and Medical Centers
1. UConn U. Bodley Hospital
  2. Bradley Memorial Hospital & Medical Center
  3. Bridgeport Hospital
  4. Bristol Hospital
  5. Connecticut Children's Medical Center
  6. Danbury Hospital
  7. Day Kimball Hospital
  8. John Dempsey Hospital
  9. Greenwich Hospital
  10. Griffin Hospital
  11. Hartford Hospital
  12. Charles H. Hungerford Hospital
  13. Johnson Memorial Hospital
  14. Lawrence & Memorial Hospital
  15. Manchester Memorial Hospital
  16. Middlesex Memorial Hospital
  17. Middletown Medical Center
  18. Milford Hospital
  19. New Britain General Hospital
  20. New Milford Hospital
  21. Norwalk Hospital
  22. Rockville General Hospital
  23. Saint Francis Hospital & Medical Center
  24. Saint Mary's Hospital
  25. Hospital of Saint Raphael
  26. Saint Vincent's Medical Center
  27. Sharon Hospital
  28. Stamford Hospital
  29. UConn Hospital
  30. UConn Community Memorial Hospital
  31. Yale-New Haven Hospital





## APPENDIX B: FY 2001 ANALYSIS OF NET ASSET AMOUNTS

Hospital Net Asset Totals			Health System Net Asset Totals		
Hospital	Total Restricted Net Assets	Unrestricted Net Assets	Total Restricted Net Assets	Unrestricted Net Assets	Total Net Assets
William W. Backus	\$9,763,668	\$104,788,989	\$38,355,208	\$78,929,717	\$117,284,925
Bradley Memorial Hospital	\$23,242,704	\$22,224,601	\$82,666,082	\$120,359,910	\$203,025,992
Bridgeport Hospital	\$30,077,000	\$73,893,000	\$218,461,000	\$636,074,000	\$854,535,000 *
Bristol Hospital	\$7,098,143	\$49,863,014	\$7,098,143	\$52,909,425	\$60,007,568
Connecticut Children's	\$72,128,936	\$116,601,476	\$72,248,591	\$125,924,960	\$198,173,551
Danbury Hospital	\$24,815,759	\$162,163,492	\$0	\$201,085,348	\$201,085,348
Day Kimball Hospital	\$6,937,465	\$37,625,297	\$0	\$46,446,955	\$46,446,955
John Dempsey Hospital	\$0	\$51,367,409	\$27,439,049	\$61,452,482	\$88,891,531
Greenwich Hospital	\$72,254,992	\$169,043,139	\$218,461,000	\$636,074,000	\$854,535,000 *
Griffin Hospital	\$4,670,665	\$9,677,079	\$4,670,665	\$12,610,606	\$17,281,271
Hartford Hospital	\$330,021,793	\$481,981,964	\$349,037,000	\$557,700,000	\$906,737,000 **
Charlotte Hungerford	\$14,556,582	\$61,132,898	\$14,556,582	\$61,132,898	\$75,689,480
Johnson Memorial Hospital	\$4,533,223	\$23,312,868	\$4,704,968	\$27,340,745	\$32,045,713
Lawrence and Memorial	\$19,194,476	\$86,551,165	\$20,586,177	\$113,485,303	\$134,071,480
Manchester Memorial	\$4,010,036	\$46,261,534	\$6,274,019	\$98,454,442	\$104,728,461 ***
Midstate Medical Center	\$6,686,151	\$50,433,373	\$349,037,000	\$557,700,000	\$906,737,000 **
Middlesex Hospital	\$11,946,000	\$88,855,000	\$11,946,000	\$90,807,000	\$102,753,000
Milford Hospital	\$2,368,846	\$60,946,924	\$0	\$64,737,425	\$64,737,425
New Britain General	\$29,276,627	\$96,713,769	\$82,666,082	\$120,359,910	\$203,025,992
New Milford Hospital	\$4,322,909	\$38,249,225	\$4,322,909	\$38,249,225	\$42,572,134
Norwalk Hospital	\$24,644,623	\$120,641,712	\$32,134,818	\$141,790,434	\$173,925,252
Rockville General Hospital	\$2,227,738	\$45,177,630	\$6,274,019	\$98,454,442	\$104,728,461 ***
Saint Francis Hospital	\$70,750,164	\$217,571,038	\$70,755,708	\$248,884,975	\$319,640,683
Saint Mary's Hospital	\$15,766,000	\$56,979,000	\$15,766,000	\$56,979,000	\$72,745,000
Hospital of Saint Raphael	\$6,760,884	\$36,945,691	\$19,482,000	\$58,198,398	\$77,680,398
Saint Vincent's	\$24,204,000	\$219,893,000	\$185,359,000	\$4,525,333,000	\$4,710,692,000
Sharon Hospital	\$6,089,193	\$10,322,936	\$9,013,841	\$21,720,932	\$30,734,773
Stamford Hospital	\$10,879,663	\$78,021,493	\$19,180,766	\$146,831,041	\$166,011,807
Waterbury Hospital	\$58,720,026	\$64,147,945	\$59,722,953	\$104,609,780	\$164,332,733
Windham Community	\$5,026,967	\$24,873,747	\$5,026,967	\$24,873,747	\$29,900,714
Yale-New Haven Hospital	\$115,624,000	\$308,449,000	\$218,461,000	\$636,074,000	\$854,535,000 *
	\$1,018,599,233	\$3,014,709,408	\$1,278,808,446	\$7,716,921,748	\$8,995,730,194
The source for the hospital amounts is the Hospital Budget System and the AFS for the Health System.					
* The parent of Bridgeport, Greenwich and Yale was used.					
** The parent of Midstate and Hartford was used.					
*** The parent of Rockville and Manchester was used.					
**** St. Mary's is the sum of SLOCUM Corporation and St. Mary's Hospital					
***** The sum of the affiliates were added by OHCA to arrive at the amounts shown.					
***** Preacquisition assets: In 2002, Sharon Hospital was acquired by Essent Healthcare, Inc., a for-profit company.					

# APPENDIX C: FY 2001 RATIO OF COST TO CHARGE DATA (PART 1)

		Total Expenses	Total Gross Revenue	Total Other Operating Revenue	Ratio of Cost to Charge (RCC)	Medicare Charges	Medicare Payments	Medicare Ratio of Cost to Charge
					<i>Total Oper Exp/(Gross Rev + Other Oper Rev)</i>			<i>Medicare Payments/(Medicare Charges * RCC)</i>
					<i>HBS Sched 300</i>			<i>HBS Sched 300 &amp; UCA</i>
BCKUS	2001	\$126,655,146	\$212,525,580	\$516,567	0.59	\$85,871,587	\$44,363,257	0.87
BRDLY	2001	\$28,316,205	\$40,947,203	\$31,633	0.69	\$23,153,288	\$13,545,439	0.85
BRGPT	2001	\$210,295,523	\$409,913,234	\$985,606	0.51	\$173,412,079	\$87,877,059	0.99
BRSTL	2001	\$77,962,365	\$168,575,052	\$0	0.46	\$74,659,274	\$32,877,450	0.95
CTCMC	2001	\$85,252,955	\$125,985,525	\$2,334,983	0.66	\$174,686	\$3,088,033	26.61
DANBY	2001	\$212,387,832	\$406,842,595	\$0	0.52	\$165,275,143	\$84,248,244	0.98
DAYKM	2001	\$63,822,637	\$110,197,425	\$530,944	0.58	\$48,427,631	\$25,350,458	0.91
DMPST	2001	\$129,852,448	\$213,344,302	\$1,292,883	0.60	\$68,425,468	\$49,438,227	1.19
GRENH	2001	\$138,801,414	\$258,213,446	\$2,621,964	0.53	\$103,039,870	\$44,523,491	0.81
GRIFF	2001	\$66,508,927	\$183,717,556	\$83,667	0.36	\$66,407,940	\$30,051,525	0.96
HARTF	2001	\$409,511,919	\$663,321,411	\$294,775	0.62	\$309,175,516	\$199,374,397	1.04
HGRFD	2001	\$64,973,962	\$100,070,539	\$912,607	0.64	\$49,845,498	\$30,135,609	0.94
JNSON	2001	\$37,532,715	\$82,100,120	\$324,745	0.46	\$38,332,432	\$16,293,996	0.93
LAMEM	2001	\$157,467,502	\$294,589,918	\$339,154	0.53	\$136,613,121	\$55,887,533	0.77
MANCH	2001	\$104,224,203	\$209,211,641	\$1,233,326	0.50	\$92,188,992	\$36,359,301	0.80
MIDST	2001	\$99,497,117	\$183,495,764	\$0	0.54	\$83,144,451	\$38,529,355	0.85
MIDSX	2001	\$150,984,815	\$238,756,558	\$761,256	0.63	\$106,938,356	\$66,691,920	0.99
MILFD	2001	\$49,421,124	\$123,891,197	\$83,807	0.40	\$65,520,590	\$19,769,135	0.76
NBRTN	2001	\$163,500,751	\$256,364,277	\$495,300	0.64	\$118,660,977	\$70,497,181	0.93
NMILF	2001	\$47,648,173	\$105,788,275	\$0	0.45	\$47,328,370	\$17,654,647	0.83
NRWLK	2001	\$170,190,727	\$279,893,030	\$3,484,975	0.60	\$129,651,173	\$70,648,963	0.91
RKYLE	2001	\$50,347,380	\$113,566,905	\$605,207	0.44	\$53,480,274	\$20,279,723	0.86
SAFNS	2001	\$327,361,566	\$512,610,276	\$92,191	0.64	\$220,173,498	\$160,297,095	1.14
SAMRY	2001	\$129,548,711	\$262,172,458	\$4,813,000	0.49	\$117,273,205	\$60,193,430	1.06
SARPH	2001	\$268,605,410	\$549,741,972	\$0	0.49	\$299,202,056	\$149,227,534	1.02
SAVCT	2001	\$172,231,662	\$304,618,625	\$2,322,750	0.56	\$150,067,650	\$86,470,548	1.03
SHARN	2001	\$37,266,967	\$55,940,987	\$1,289,983	0.65	\$26,667,503	\$13,366,127	0.77
STMFD	2001	\$172,319,529	\$315,230,781	\$250,643	0.55	\$127,271,550	\$66,753,352	0.96
WATBY	2001	\$139,602,754	\$266,576,838	\$5,895,306	0.51	\$122,418,323	\$62,100,029	0.99
WNDHM	2001	\$53,184,666	\$114,027,337	\$0	0.47	\$47,170,173	\$19,492,835	0.89
YNHAV	2001	\$524,848,000	\$985,451,813	\$1,381,000	0.53	\$363,305,998	\$193,037,542	1.00
TOTAL		\$4,470,125,105	\$8,147,682,640	\$32,978,272	0.55	\$3,533,276,672	\$1,868,423,435	0.97
MEDIAN					0.53			0.94

# APPENDIX C: FY 2001 RATIO OF COST TO CHARGE DATA (PART 2)

	Medicaid Charges	Medicaid Payments	Medicaid Ratio of Cost to Charge	Total Non Govt Charges	Total Non Govt Payments	Total Uninsured Charges	Total Uninsured Payments	Private Pay Ratio of Cost to Charge
			Medicaid Payments / (Medicaid Charges * RCC)					Non-Govt Pymts - Uninsrd Pymts / (Non-Govt Chrgs - Uninsrd Chrgs) * RCC
			HBS Sched 300 & UCA					HBS Sched 300 & UCA
BCKUS	\$16,082,439	\$5,479,137	0.57	\$99,258,062	\$73,019,071	\$5,041,185	\$1,260,296	1.28
BRDLY	\$1,357,564	\$637,249	0.68	\$16,189,144	\$10,918,807	\$551,138	\$119,995	1.00
BRGPT	\$69,418,014	\$22,059,729	0.62	\$154,818,122	\$79,142,011	\$12,820,624	\$1,089,762	1.07
BRSTL	\$13,649,283	\$5,067,787	0.80	\$75,840,831	\$41,456,125	\$3,196,558	\$569,214	1.22
CTCMC	\$47,706,611	\$30,886,562	0.97	\$77,679,616	\$42,330,159	\$2,353,278	\$1,294,305	0.82
DANBY	\$25,449,445	\$8,276,531	0.62	\$209,924,429	\$127,932,825	\$13,436,640	\$4,030,972	1.21
DAYKM	\$11,855,272	\$4,772,154	0.70	\$47,266,488	\$34,621,735	\$1,705,189	\$186,179	1.31
DMPYS	\$28,646,605	\$13,889,471	0.80	\$98,781,059	\$55,471,551	\$2,276,250	\$429,670	0.94
GRENH	\$4,965,037	\$2,359,322	0.89	\$149,279,416	\$95,674,052	\$11,209,652	\$1,334,490	1.28
GRIFN	\$13,180,294	\$3,284,805	0.69	\$81,142,489	\$34,099,307	\$5,564,794	\$2,841,427	1.14
HARTF	\$66,851,393	\$33,523,096	0.81	\$265,025,991	\$159,447,445	\$29,843,768	\$14,921,884	1.00
HGRFD	\$6,519,113	\$2,816,851	0.67	\$41,975,505	\$29,462,312	\$3,109,400	\$1,511,998	1.12
JNSON	\$4,884,644	\$2,164,298	0.97	\$38,744,511	\$18,805,783	\$2,663,771	\$214,223	1.13
LAMEM	\$20,908,589	\$9,392,261	0.84	\$123,721,461	\$80,728,291	\$4,780,872	\$0	1.27
MANCH	\$12,482,502	\$4,585,145	0.74	\$100,084,059	\$50,209,799	\$5,028,114	\$357,631	1.06
MIDST	\$15,644,378	\$6,253,997	0.74	\$80,918,807	\$57,921,291	\$6,110,649	\$404,416	1.42
MIDSX	\$16,031,677	\$9,786,111	0.97	\$110,251,116	\$75,619,761	\$5,941,636	\$2,037,233	1.12
MILFD	\$5,262,246	\$1,554,681	0.74	\$52,937,832	\$27,417,918	\$3,741,607	\$956,918	1.35
NBRTN	\$29,709,170	\$14,399,837	0.76	\$102,992,560	\$69,673,902	\$4,687,252	\$823,784	1.10
NMILF	\$4,838,093	\$1,096,872	0.50	\$53,224,296	\$28,758,589	\$2,100,306	\$660,518	1.22
NRWLK	\$17,825,176	\$7,005,215	0.65	\$126,478,816	\$87,566,257	\$10,661,560	\$1,241,045	1.24
RKVLK	\$6,713,640	\$2,889,220	0.98	\$51,981,514	\$26,935,111	\$2,322,135	\$177,572	1.22
SAFNS	\$65,032,173	\$32,467,426	0.78	\$212,022,578	\$128,228,853	\$10,407,906	\$1,393,518	0.99
SAMRY	\$36,436,923	\$15,321,622	0.87	\$100,886,974	\$43,190,121	\$7,425,463	\$876,606	0.93
SARPH	\$44,313,623	\$15,713,664	0.73	\$192,951,643	\$99,386,210	\$9,303,443	\$1,014,413	1.10
SAVCT	\$26,621,217	\$11,038,008	0.74	\$122,070,011	\$72,716,821	\$11,328,574	\$1,399,726	1.15
SHARN	\$1,331,458	\$585,563	0.68	\$26,377,524	\$17,694,457	\$1,592,037	\$626,609	1.06
STMFD	\$26,136,173	\$8,552,237	0.60	\$156,006,694	\$88,768,904	\$19,267,163	\$4,700,543	1.13
WATBY	\$26,281,789	\$9,392,868	0.70	\$112,591,343	\$57,053,052	\$6,855,850	\$1,232,115	1.03
WNDHM	\$14,185,905	\$6,287,104	0.95	\$51,014,991	\$28,609,558	\$2,496,474	\$499,295	1.24
YNHAV	\$154,317,443	\$60,576,879	0.74	\$440,425,143	\$245,508,030	\$18,864,008	\$2,793,583	1.08
TOTAL	\$834,637,889	\$352,115,702	0.77	\$3,572,863,025	\$2,088,368,108	\$226,687,296	\$50,999,940	1.11
MEDIAN			0.74					1.13

## APPENDIX D: FY 2001 UNCOMPENSATED CARE DATA

			Uncompensated Care	Uncompensated Care Cost	Total Expenses	Uncomp as a % of Total Expense
			<i>(Bad Debts + Free Care)</i>	<i>(Bad Debts + Free Care)* RCC</i>	<i>N/A</i>	<i>Uncomp Care Cost/Total Expenses</i>
			<i>HBS Sched 300</i>	<i>HBS Sched 300 &amp; UCA</i>	<i>HBS Sched 300</i>	<i>HBS Sched 300 &amp; UCA</i>
BCKUS	2001		\$6,389,985	\$3,798,894	\$126,655,146	3.00%
BRDLY	2001		\$651,539	\$450,211	\$28,316,205	1.59%
BRGPT	2001		\$11,919,960	\$6,100,563	\$210,295,523	2.90%
BRSTL	2001		\$5,658,661	\$2,617,010	\$77,962,365	3.36%
CTCMC	2001		\$3,431,394	\$2,279,733	\$85,252,955	2.67%
DANBY	2001		\$16,967,112	\$8,857,500	\$212,387,832	4.17%
DAYKM	2001		\$3,340,528	\$1,925,444	\$63,822,637	3.02%
DMPYS	2001		\$2,382,424	\$1,441,333	\$129,852,448	1.11%
GRENH	2001		\$9,875,162	\$5,254,986	\$138,801,414	3.79%
GRIFN	2001		\$4,888,940	\$1,769,075	\$66,508,927	2.66%
HARTF	2001		\$26,308,395	\$16,234,687	\$409,511,919	3.96%
HGRFD	2001		\$1,848,031	\$1,189,049	\$64,973,962	1.83%
JNSON	2001		\$4,477,862	\$2,039,024	\$37,532,715	5.43%
LAMEM	2001		\$13,411,263	\$7,160,495	\$157,467,502	4.55%
MANCH	2001		\$4,963,614	\$2,458,261	\$104,224,203	2.36%
MIDST	2001		\$6,717,672	\$3,642,531	\$99,497,117	3.66%
MIDSX	2001		\$6,703,186	\$4,225,487	\$150,984,815	2.80%
MILFD	2001		\$3,296,747	\$1,314,208	\$49,421,124	2.66%
NBRTN	2001		\$6,191,892	\$3,941,371	\$163,500,751	2.41%
NMILF	2001		\$2,729,285	\$1,229,299	\$47,648,173	2.58%
NRWLK	2001		\$9,863,359	\$5,923,721	\$170,190,727	3.48%
RKVLE	2001		\$2,186,580	\$964,233	\$50,347,380	1.92%
SAFNS	2001		\$15,555,402	\$9,932,156	\$327,361,566	3.03%
SAMRY	2001		\$10,931,129	\$5,304,085	\$129,548,711	4.09%
SARPH	2001		\$15,154,189	\$7,404,378	\$268,605,410	2.76%
SAVCT	2001		\$16,858,493	\$9,459,677	\$172,231,662	5.49%
SHARN	2001		\$1,250,507	\$814,290	\$37,266,967	2.19%
STMFD	2001		\$23,791,860	\$12,995,384	\$172,319,529	7.54%
WATBY	2001		\$10,160,111	\$5,205,594	\$139,602,754	3.73%
WNDHM	2001		\$3,503,353	\$1,634,035	\$53,184,666	3.07%
YNHAV	2001		\$33,090,570	\$17,599,252	\$524,848,000	3.35%
TOTAL			\$284,499,205	\$155,165,966	\$4,470,125,105	3.47%
MEDIAN						3.02%